

MONTANA LEGISLATIVE HISTORY

Chapter 282 19 83

Bill H 531 S _____ Original bill & history ☒ C

H. Committee on <u>State Administration</u>	S. Committee on <u>State Administration</u>
Hearing Date(s) <u>2/2</u> _____ C	Hearing Date(s) <u>2/14</u> _____ C
<u>2/10</u> _____ C	<u>re-referred to Sen. Judiciary</u>
_____ C	<u>Sen. Judiciary</u> <u>3/14</u> _____ C
_____ C	_____ C
Date Out <u>2/10</u> _____ C	Date out <u>3/14</u>

Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee _____

Report _____

The Law Library has no House sub committee minutes, or Sen. State Admin minutes.

1983

SIGNED: 04/14/83, CHAPTER 493

HB 529 -- HARPER -- TO INCREASE THE FEES FOR EXAMINING CONSUMER LOAN BUSINESSES;
AMENDING....

BY REQUEST OF: THE DEPARTMENT OF COMMERCE

INTRODUCED: 01/27/83

REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY: 01/27/83

HEARING: 2/3/83

REPORT: 02/03/83, DO PASS

2ND READING: 02/05/83, DO PASS, AS AMENDED AYES: 83; NAYS: 9

3RD READING: 02/08/83, DO PASS AYES: 87; NAYS: 12

TRANSMITTED TO SENATE: 2/8/83

REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY: 02/09/83

HEARING: 3/16/83

REPORT: 03/19/83, BE CONCURRED IN

2ND READING: 03/22/83 AYES: 49; NAYS: 0

3RD READING: 03/24/83 AYES: 49; NAYS: 0

RETURNED TO HOUSE 3/24/83

TRANSMITTED TO GOVERNOR: 04/01/83

SIGNED: 04/04/83, CHAPTER 368

HB 530 -- BARDANOUE -- TO GENERALLY REVISE LANGUAGE IN VARIOUS CODE PROVISIONS IN
ORDER THAT REFERENCES TO THE TREASURY FUND STRUCTURE CONFORM TO CHAPTER 28, LAWS OF
1981, AS REQUIRED BY CHAPTER....

BY REQUEST OF: THE DEPARTMENT OF ADMINISTRATION

INTRODUCED: 01/27/83

REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 01/27/83

HEARING: 2/2/83

REPORT: 02/11/83, DO PASS, AS AMENDED

2ND READING: 02/15/83, DO PASS AYES: 89; NAYS: 0

3RD READING: 02/17/83, DO PASS AYES: 98; NAYS: 1

TRANSMITTED TO SENATE: 2/17/83

REFERRED TO COMMITTEE ON JUDICIARY: 02/18/83

HEARING: 3/14/83

REPORT: 03/14/83, BE CONCURRED IN

2ND READING: 03/16/83 AYES: 48; NAYS: 0

3RD READING: 3/18/83 AYES: 50; NAYS: 0

RETURNED TO HOUSE: 03/18/83

TRANSMITTED TO GOVERNOR: 03/25/83

SIGNED: 03/29/83, CHAPTER 281

HB 531 -- BARDANOUE -- TO GENERALLY REVISE LANGUAGE IN CODE SECTIONS DEALING WITH THE
RETIREMENT SYSTEMS IN ORDER THAT REFERENCES TO THE TREASURY FUND STRUCTURE CONFORM TO
CHAPTER....

BY REQUEST OF: THE DEPARTMENT OF ADMINISTRATION

INTRODUCED: 01/27/83

REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 01/27/83

HEARING: 2/2/83

REPORT: 02/10/83, DO PASS

2ND READING: 02/12/83, DO PASS AYES: 91; NAYS: 0
3RD READING: 02/15/83, DO PASS AYES: 98; NAYS: 1

TRANSMITTED TO SENATE: 2/15/83

REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 02/16/83

REREFERRED TO COMMITTEE ON JUDICIARY: 03/01/83

HEARING: 3/14/83

REPORT: 03/14/83, BE CONCURRED IN

2ND READING: 03/16/83 AYES: 48; NAYS: 0

3RD READING: 3/18/83 AYES: 50; NAYS: 0

RETURNED TO HOUSE: 03/18/83

TRANSMITTED TO GOVERNOR: 03/25/83

SIGNED: 03/29/83, CHAPTER 282

HB 532 -- BARDANOUE -- TO GENERALLY REVISE LANGUAGE IN CODE SECTIONS DEALING WITH THE
WORKERS' COMPENSATION DIVISION IN ORDER THAT REFERENCES TO THE TREASURY FUND STRUCTURE
CONFORM TO CHAPTER 28, LAWS OF 1981, AS REQUIRED BY CHAPTER 28, SECTION 5, LAWS OF
1981; AMENDING SECTIONS

BY REQUEST OF: THE DEPARTMENT OF ADMINISTRATION

INTRODUCED: 01/27/83

REFERRED TO COMMITTEE ON LABOR & EMPLOYMENT RELATIONS: 01/27/83

REREFERRED TO COMMITTEE ON STATE ADMINISTRATION: 01/28/83

HEARING: 2/2/83

REPORT: 02/11/83, DO PASS, AS AMENDED

2ND READING: 02/14/83, DO PASS AYES: 90; NAYS: 1

3RD READING: 02/16/83, DO PASS AYES: 98; NAYS: 1

TRANSMITTED TO SENATE: 2/16/83

REFERRED TO COMMITTEE ON LABOR & EMPLOYMENT RELATIONS: 02/17/83

REREFERRED TO COMMITTEE ON JUDICIARY: 03/01/83

HEARING: 3/14/83

REPORT: 03/14/83, BE CONCURRED IN

2ND READING: 03/16/83 AYES: 48; NAYS: 0

3RD READING: 3/18/83 AYES: 50; NAYS: 0

RETURNED TO HOUSE: 03/18/83

TRANSMITTED TO GOVERNOR: 03/25/83

SIGNED: 03/29/83, CHAPTER 283

HB 533 -- BARDANOUE -- TO GENERALLY REVISE LANGUAGE IN CODE SECTIONS DEALING WITH THE
ISSUANCE OF BONDS IN ORDER THAT REFERENCES TO THE TREASURY FUND STRUCTURE CONFORM TO
CHAPTER 28, LAWS OF 1981, AS REQUIRED BY CHAPTER 28, SECTION 5, LAWS OF 1981; AMENDING
....

BY REQUEST OF: THE DEPARTMENT OF ADMINISTRATION

INTRODUCED: 01/27/83

REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 01/27/83

HEARING: 2/2/83

REPORT: 02/11/83, DO PASS, AS AMENDED

2ND READING: 2/14/83, DO PASS AYES: 91; NAYS: 1

3RD READING: 02/16/83, DO PASS AYES: 98; NAYS: 1

TRANSMITTED TO SENATE: 2/16/83

HOUSE BILL NO. 531

INTRODUCED BY BARDANOUE

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

IN THE HOUSE

January 27, 1983	Introduced and referred to Committee on State Administration.
February 10, 1983	Committee recommend bill do pass. Report adopted.
February 11, 1983	Bill printed and placed on members' desks.
February 12, 1983	Second reading, do pass.
February 14, 1983	Considered correctly engrossed.
February 15, 1983	Third reading, passed. Transmitted to Senate.

IN THE SENATE

February 16, 1983	Introduced and referred to Committee on State Administration.
March 1, 1983	Rereferred to Committee on Judiciary.
March 14, 1983	Committee recommend bill be concurred in. Report adopted.
March 16, 1983	Second reading, concurred in.
March 18, 1983	Third reading, concurred in. Ayes, 50; Noes, 0.

IN THE HOUSE

March 18, 1983

Returned to House.

March 19, 1983

Sent to enrolling.

Reported correctly enrolled.

1 House BILL NO. 531
 2 INTRODUCED BY [Signature]
 3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION
 4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE
 6 LANGUAGE IN CODE SECTIONS DEALING WITH THE RETIREMENT
 7 SYSTEMS IN ORDER THAT REFERENCES TO THE TREASURY FUND
 8 STRUCTURE CONFORM TO CHAPTER 28, LAWS OF 1981, AS REQUIRED
 9 BY CHAPTER 28, SECTION 5, LAWS OF 1981; AMENDING SECTIONS
 10 19-1-202, 19-3-104, 19-4-501, 19-5-101, 19-5-202, 19-6-101,
 11 19-6-203, 19-6-401, 19-7-101, 19-7-202, 19-8-101, 19-8-203,
 12 19-8-401, 19-8-405, 19-9-104, 19-9-203, 19-9-501, 19-9-706,
 13 19-12-102, 19-12-407, 19-13-104, 19-13-204, AND 19-13-501,
 14 MCA; INSTRUCTING THE CODE COMMISSIONER TO MAKE THE NECESSARY
 15 CHANGES; AND PROVIDING AN EFFECTIVE DATE."
 16
 17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 18 Section 1. Section 19-1-202, MCA, is amended to read:
 19 "19-1-202. Costs of administration. All costs
 20 allocable to the administration of this chapter shall be
 21 charged to the ~~earmarked-revenue-fund~~ retirement division
 22 ~~account pension trust fund~~. So much of the costs as are not
 23 defrayed by interest and income earned upon the contribution
 24 account, which has been credited to the ~~earmarked-revenue~~
 25 ~~fund~~ retirement division ~~account pension trust fund~~, as

1 provided in 19-1-602, shall be paid to the state agency for
 2 deposit to the ~~earmarked-revenue-fund~~ retirement division
 3 ~~account~~ pension trust fund by each department of the state
 4 and by the participating divisions, instrumentalities, and
 5 political subdivisions of the state pro rata according to
 6 their respective contributions."
 7 Section 2. Section 19-3-104, MCA, is amended to read:
 8 "19-3-104. Definitions. Unless the context requires
 9 otherwise, in this chapter the following definitions apply:
 10 (1) "Accumulated contributions" means the sum of all
 11 the contributions standing to the credit of a member's
 12 individual account, together with the regular interest
 13 thereon.
 14 (2) "Actuarial equivalent" means a benefit of equal
 15 value when computed upon the basis of the actuarial tables
 16 in use by the system.
 17 (3) "Actuary" means the actuary retained by the board
 18 in accordance with 19-3-305.
 19 (4) "Additional contributions" means contributions by
 20 members under the provisions of 19-3-702.
 21 (5) "Annuity" means payments for life derived from
 22 contributions made by a member as provided in this chapter.
 23 (6) "Beneficiary" means the person so designated
 24 pursuant to part 13 of this chapter.
 25 (7) "Benefit" means the retirement allowance,

1 survivorship allowance, death benefit, or refund of
2 accumulated contributions provided by this chapter.

3 (8) "Board" means the public employees' retirement
4 board provided for in 2-15-1009.

5 (9) "Compensation" means remuneration paid out of
6 funds controlled by an employer. The compensation of each
7 member of the legislature of Montana for any year shall be
8 considered to be that portion of the product of the daily
9 compensation for such position multiplied by 360 upon which
10 such member elects to pay normal contributions during the
11 year.

12 (10) "Contracting employer" means any political
13 subdivision or governmental entity which has contracted to
14 come into the system.

15 (11) "Creditable service" means the aggregate of
16 membership service and prior service.

17 (12) "Disability" and "incapacity for performance of
18 duty", referred to herein as a basis of retirement, mean
19 disability of permanent duration or disability of extended
20 and uncertain duration, as determined by the board on the
21 basis of competent medical opinion.

22 (13) "Employee" means any person who is employed by an
23 employer in any capacity whatever and whose salary is paid
24 either by warrant of the employer or from the fees or income
25 of any department or agency of the employer. "Employee"

1 means further any person considered such pursuant to
2 19-3-402.

3 (14) "Employer" means the state of Montana, its
4 university system or any of the colleges, schools,
5 components, or units thereof for the purposes of this
6 chapter, or any political subdivision or governmental entity
7 which has contracted to come into the system.

8 (15) "Employer contributions" means payments to the
9 retirement fund from appropriations of the state of Montana
10 pursuant to 19-3-801 and from contracting employers pursuant
11 to the contracts between them and the board.

12 (16) "Final compensation" means a member's highest
13 average annual compensation during any 3 consecutive years
14 of membership service. Lump-sum payments for sick leave and
15 annual leave paid to the employee upon termination of
16 employment may be used in the calculation of a retirement
17 allowance only to the extent that they are used to replace,
18 on a month for month basis, the normal compensation for a
19 month or months included in the calculation of the final
20 salary. A lump-sum payment may not be added to a single
21 month's compensation.

22 (17) "Fiscal year" means any year commencing with July
23 1 and ending June 30 next following.

24 (18) "Head of department" means the head of any
25 department, institution, or branch of the state service

1 which directly pays salaries out of its income or which
2 prepares, approves, and submits salary statements of its
3 employees to the department of administration, state
4 auditor, and state treasurer for payment.

5 (19) "Member" means any person included in the
6 membership of the retirement system set forth in 19-3-401
7 and not excluded in 19-3-402, 19-3-403, or 19-3-406.

8 (20) "Membership service" means service with respect to
9 which normal contributions and employer contributions are
10 paid. A member of the legislature of Montana shall be
11 credited with membership service for that portion of each
12 year for which he pays normal contributions pursuant to
13 subsection [(9)] of this section.

14 (21) "Normal contributions" means contributions
15 required from members under this chapter and any optional
16 contributions made under the provisions of 19-3-502 and
17 19-3-704.

18 (22) "Pension" means payments for life derived from
19 contributions made from the state controlled funds or, in
20 the case of members from contracting employers, from the
21 funds of such contracting employers, as provided in this
22 chapter.

23 (23) "Prior service" means all service rendered as an
24 employee of the state before July 1, 1945, and all service
25 rendered as an employee of a contracting employer before

1 July 1, 1947. Prior service includes all service rendered
2 prior to July 1, 1945, as a member of the legislative
3 assembly or lieutenant governor of Montana.

4 (24) "Regular interest" means interest at the rate set
5 from time to time by the board.

6 (25) "Retirement" means withdrawal from active service
7 with a retirement allowance granted under the provisions of
8 this chapter.

9 (26) "Retirement allowance" means the periodic benefit
10 payable following service, early, or disability retirement.

11 (27) "Retirement fund" means the public employees'
12 retirement ~~account in the agency system pension trust~~ fund.

13 (28) "Retirement system" means the public employees'
14 retirement system created by this chapter.

15 (29) "Service" means employment of an employee, except
16 as provided in 19-3-501 and 19-3-502.

17 (30) "Survivorship allowance" means payments for life
18 to the beneficiary of a deceased member as provided in part
19 12 of this chapter.

20 (31) "Written application" means a written instrument
21 duly executed and filed with the board and containing all
22 information required by the board, including such proofs of
23 age as the board considers necessary."

24 Section 3. Section 19-4-501, MCA, is amended to read:
25 "19-4-501. Financial administration of moneys. The

1 members of the retirement board are the trustees of all
2 moneys collected for the retirement system, and as such
3 trustees, they shall provide for the financial
4 administration of the moneys in the following manner:

5 (1) The moneys shall be invested and reinvested by the
6 state board of investments.

7 (2) The retirement board annually shall establish the
8 rate of regular interest.

9 (3) The retirement board annually shall divide among
10 the several funds reserves of the retirement system an
11 amount equal to the average balance of the funds reserves
12 during the preceding fiscal year multiplied by the rate of
13 regular interest. In accordance with the provisions of
14 19-4-605(5), the amount to be credited to each fund reserve
15 shall be allocated from the interest and other earnings on
16 the moneys of the retirement system actually realized during
17 the preceding fiscal year, less the amount allocated to the
18 expense fund account under the provisions of 19-4-606.

19 (4) The state treasurer is the custodian of the
20 collected retirement system moneys and of the securities in
21 which the moneys are invested. All expenditures from the
22 moneys may be made only upon claims signed by two persons
23 designated by the retirement board. A properly attested copy
24 of a resolution of the retirement board designating such
25 persons and bearing on its face specimen signatures of each

1 person shall be filed with the department of administration
2 as its authority for approving such claims.

3 (5) All the funds reserves established by part 6 of
4 this chapter, ~~except the expense fund,~~ shall be accounts in
5 the agency pension trust fund type of the treasury fund
6 structure of the state. ~~The expense fund shall be an account~~
7 ~~in the earmarked revenue fund of the same treasury fund~~
8 ~~structures"~~

9 Section 4. Section 19-5-101, MCA, is amended to read:
10 "19-5-101. Definitions. Unless a different meaning is
11 plainly implied by the context, the following definitions
12 apply in this chapter:

13 (1) "Accumulated deductions" means the total of the
14 amounts deducted from the salary of a contributor, paid into
15 the fund, and standing to his credit in the fund, together
16 with the regular interest thereon.

17 (2) "Actuarial equivalent" means a benefit of equal
18 value when computed upon the basis of the actuarial tables
19 in use by the system.

20 (3) "Beneficiary" means the person whom the
21 contributor nominates by written designation, duly
22 acknowledged and filed with the board.

23 (4) "Board" means the public employees' retirement
24 board.

25 (5) "Contributor" means any person who has accumulated

1 deductions in the fund standing to his credit.

2 (6) "Final salary" means the annual current salary for
3 the office retired from.

4 (7) "Fund" means the Montana judges' retirement system
5 ~~agency-account pension trust fund.~~

6 (8) "Involuntary retirement" means a retirement not
7 for cause and before retirement age.

8 (9) "Member's annuity" means payments for life derived
9 from contributions made by the contributor.

10 (10) "Penalty retirement age" means 70 years of age.

11 (11) "Retired judge" means any judge or justice in
12 receipt of a retirement allowance under this chapter.

13 (12) "Retirement allowance" means the state annuity
14 plus the member's annuity.

15 (13) "State annuity" means payments for life derived
16 from contributions made by the state of Montana."

17 Section 5. Section 19-5-202, MCA, is amended to read:

18 "19-5-202. Administrative expenses. (1) The expense of
19 the administration of this chapter, exclusive of the payment
20 of retirement allowances and other benefits, may be paid
21 from the fund.

22 (2) Before July 15 of each year, the board may compute
23 the administrative costs for the immediately preceding
24 fiscal year and transfer that amount from the fund to the
25 public employees' retirement system ~~account--in--the--agency~~

1 ~~pension trust fund."~~

2 Section 6. Section 19-6-101, MCA, is amended to read:

3 "19-6-101. Definitions. Unless the context requires
4 otherwise, the following definitions apply in this chapter:

5 (1) "Account" means the Montana highway patrolmen's
6 retirement ~~account-in-the-agency pension trust fund.~~

7 (2) "Accumulated deductions" means the total of the
8 amounts deducted from the salary of a member, paid into the
9 account, and standing to his credit in the account, together
10 with the regular interest thereon.

11 (3) "Actuarial equivalent" means a benefit of equal
12 value when computed on the basis of the actuarial tables in
13 use by the system.

14 (4) "Beneficiary" means a person nominated to receive
15 benefits under this chapter by a member's written
16 designation, duly acknowledged and filed with the
17 department.

18 (5) "Board" means the public employees' retirement
19 board provided for in 2-15-1009.

20 (6) "Compulsory retirement age" means 60 years of age.

21 (7) "Department" means the public employees'
22 retirement division of the department of administration.

23 (8) "Final salary" means the average annual
24 compensation received by a member, before any deductions
25 have been made and exclusive of maintenance, allowances, and

1 expenses, for any 3 years of continuous service upon which
2 contributions have been made or, in the event a member has
3 not served 3 years, the total compensation earned divided by
4 the number of years served. Lump-sum payments for sick leave
5 and annual leave paid to an employee upon termination of
6 employment may be used in the calculation of a retirement
7 allowance only to the extent that they are used to replace,
8 on a month for month basis, the normal compensation for a
9 month or months included in the calculation of the final
10 salary. A lump-sum payment may not be added to a single
11 month's compensation.

12 (9) "Member" means a person who has accumulated
13 deductions in the account standing to his credit.

14 (10) "Member's annuity" means payments for life derived
15 from contributions made by the member.

16 (11) "Retired patrolman" means a person in receipt of a
17 retirement allowance under this chapter.

18 (12) "Retirement age" means the age at which a member
19 retires after 25 years of creditable service with the
20 Montana highway patrol or 60 years of age, whichever occurs
21 first.

22 (13) "Retirement allowance" means the state annuity
23 plus the member's annuity.

24 (14) "State annuity" means payments for life derived
25 from contributions made by the state of Montana."

1 Section 7. Section 19-6-203, MCA, is amended to read:
2 "19-6-203. Administrative expenses. (1) The expense of
3 the administration of this chapter, exclusive of the payment
4 of retirement allowances and other benefits, may be paid
5 from the fund account.

6 (2) Before July 15 of each year, the board may compute
7 the administrative costs for the immediately preceding
8 fiscal year and transfer that amount from the fund account
9 to the public employees' retirement system ~~account-in-the~~
10 agency pension trust fund."

11 Section 8. Section 19-6-401, MCA, is amended to read:
12 "19-6-401. Payments into retirement account fund. All
13 appropriations made by the state, all contributions by
14 members of the Montana highway patrol, in the amount
15 hereinafter specified, and all interest on and increase of
16 the investments and moneys under this account shall be paid
17 to the state treasurer, who shall credit the payments to the
18 Montana highway patrolmen's retirement ~~account-in-the-agency~~
19 pension trust fund."

20 Section 9. Section 19-7-101, MCA, is amended to read:
21 "19-7-101. Definitions. Unless the context requires
22 otherwise, the following definitions apply in this chapter:
23 (1) "Account" means the Montana sheriffs' retirement
24 ~~account~~ pension trust fund administered by the sheriffs'
25 retirement board.

10

(2) "Accumulated contributions" or "accumulated deductions" means the total amount deducted from the salary of a member during a period of membership service plus the total amount deducted during a period of prior service and transferred from the public employees' retirement system standing to the member's credit in the account, together with the accrued interest.

(3) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of the actuarial tables in use by the system.

(4) "Beneficiary" means a person who is nominated by the member in an acknowledged document which is filed with the board.

(5) "Board" means the sheriffs' retirement board. The board shall consist of five persons who shall be the same persons that comprise the public employees' retirement board.

(6) "Creditable service" means the aggregate of all of a member's current and prior service.

(7) "Final salary" means the average annual salary received by a member, before any deductions are made and exclusive of maintenance, allowances, and expenses, for any 3 years of continuous service from which contributions were deducted or, in the event that a member has not served 3 years, the total salary earned divided by the number of

years served. Lump-sum payments for sick leave and annual leave paid to an employee upon termination of employment may be used in the calculation of a retirement allowance only to the extent that they are used to replace, on a month for month basis, the normal compensation for a month or months included in the calculation of the final salary. A lump-sum payment may not be added to a single month's compensation.

(8) "Member" means any person who has accumulated deductions in the account to his credit.

(9) "Member's annuity" means payments for life derived from contributions made by the member while employed.

(10) "Membership service" means service for which an amount is deducted from the salary of a member and paid into the account.

(11) "Prior service" means service for which credit was granted by the public employees' retirement system of the state of Montana.

(12) "Retired sheriff" means a person receiving a retirement allowance under this chapter.

(13) "Retirement allowance" means the state annuity plus the member's annuity.

(14) "Service" means employment as a sheriff.

(15) "Sheriff" means any elected or appointed county sheriff, undersheriff, or regularly appointed and acting deputy sheriff.

(16) "State annuity" means payments for life derived from county contributions into the sheriffs' retirement account, together with any supplemental legislative appropriations to the account.

(17) "Vested retirement" means a retirement not for cause and before retirement age."

Section 10. Section 19-7-202, MCA, is amended to read:

"19-7-202. Expenses of administration. (1) The expense of the administration of this chapter, exclusive of the payment of retirement allowances and other benefits, may be paid from the fund account.

(2) Before July 15 of each year, the board may compute the administrative costs for the immediately preceding fiscal year and transfer that amount from the fund account to the public employees' retirement system ~~account-in-the agency pension trust fund~~.

Section 11. Section 19-8-101, MCA, is amended to read:

"19-8-101. Definitions. Unless the context requires otherwise, the following definitions apply in this chapter:

(1) "Account" means the Montana state game wardens' retirement ~~account-in-the-agency pension trust fund~~.

(2) "Accumulated deductions" or "accumulated contributions" means the sum of all contributions standing to the credit of a member's individual account together with the regular interest thereon.

(3) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of the actuarial tables in use by the system.

(4) "Beneficiary" means a person nominated to receive benefits under this chapter by a member's written designation, duly acknowledged and filed with the board.

(5) "Board" means the public employees' retirement board.

(6) "Contributor" means any person who has accumulated deductions in the account standing to his credit.

(7) "Final salary" means the average annual compensation received by a contributor, before any deductions have been made and exclusive of maintenance, allowances, and expenses, for any 3 years of continuous service upon which contributions have been made or, in the event a member has not served 3 years, the total retirement compensation earned divided by the number of years served. Lump-sum payments for sick leave and annual leave paid to an employee upon termination of employment may be used in the calculation of a retirement allowance only to the extent that they are used to replace, on a month for month basis, the normal compensation for a month or months included in the calculation of the final salary. A lump-sum payment may not be added to a single month's compensation.

(8) "Member's annuity" means payments for life derived

from contributions made by the contributor.

(9) "Retired state game warden" means any person in receipt of a retirement allowance under this chapter.

(10) "Retirement allowance" means the state annuity plus the member's annuity.

(11) "State annuity" means payments for life derived from contributions made by the state from department of fish, wildlife, and parks moneys.

(12) "State game warden" means all state fish and game wardens hired by the department of fish, wildlife, and parks and includes all warden supervisory personnel whose salaries or compensation is paid out of the department of fish, wildlife, and parks moneys."

Section 12. Section 19-8-203, MCA, is amended to read:

"19-8-203. Expenses of administration. (1) The expense of the administration of this chapter, exclusive of the payment of retirement allowances and other benefits, may be paid from the fund account.

(2) Before July 15 of each year, the board may compute the administrative costs for the immediately preceding fiscal year and transfer that amount from the fund account to the public employees' retirement system ~~account--in--the~~ agency pension trust fund.

(3) In addition to the amount provided in subsection (2), the board may assess and the department of

administration may collect a fee from the department of fish, wildlife, and parks for the purpose of defraying the expenses of administering this chapter."

Section 13. Section 19-8-401, MCA, is amended to read:

"19-8-401. Creation of state game wardens' retirement ~~account fund~~. There is a state game wardens' retirement ~~account--in--the--agency pension trust~~ fund, and all moneys received under the provisions of this chapter shall be credited to that account."

Section 14. Section 19-8-405, MCA, is amended to read:

"19-8-405. Transfer of dormant accounts. The board may, in its discretion, transfer the accumulated deductions of a member to the employer's account in the Montana state game wardens' retirement ~~account--in--the--agency pension trust~~ fund if the member's account has been dormant for a period of 10 years; provided that no right of the member shall be jeopardized by such transfer. The accumulated deductions shall be transferred to the member's name upon subsequent reentry to membership."

Section 15. Section 19-9-104, MCA, is amended to read:

"19-9-104. Definitions. Unless the context requires otherwise, the following definitions apply in this chapter:

(1) "Administrator" means the public employees' retirement division of the department of administration.

(2) "Base salary" means the sum of the monthly

1 compensations for each month in a given calendar year.

2 (3) "Board" means the retirement board described in
3 2-15-1009.

4 (4) "Credited service" means the aggregate of a
5 member's prior service and membership service.

6 (5) "Employer" means any city which participated in a
7 prior plan or which elects to join this plan under 19-9-107.

8 (6) "Employer annuity" means monthly payments for life
9 derived from employer and state contributions.

10 (7) "Final average salary" means the monthly
11 compensation of a member, averaged over the last 36 months
12 of his active service or, in the event he has not been a
13 member that long, over the period of his membership.

14 (8) "Fund" means the ~~agency-account pension trust fund~~
15 in the treasury system designated for the use of the plan.

16 (9) "Mandatory retirement date" means the first day of
17 the month coinciding with or immediately following, if none
18 coincides, the date on which a member attains age 65.

19 (10) "Member" means a person who is employed by an
20 employer as a police officer or who is entitled to a
21 retirement allowance by virtue of his service to an employer
22 as a police officer.

23 (11) "Member contributions" means the total of the
24 deductions from the compensation of a member, either made
25 during a period of active membership hereunder or made under

1 a prior plan and transferred to this plan, standing to his
2 credit, together with the interest thereon.

3 (12) "Member's annuity" means monthly payments for life
4 derived from member contributions.

5 (13) "Membership service" means a period of employment
6 with an employer occurring after June 30, 1977, during which
7 the withholdings required by this chapter have been made
8 from a member's monthly compensation and credited to his
9 member contributions account. Pro rata credit shall be
10 granted for employment on a part-time basis or for
11 employment over a period of less than a complete fiscal
12 year.

13 (14) "Minimum retirement date" or "normal retirement
14 date" means the first day of the month coinciding with or
15 immediately following, if none coincides, the date on which
16 a member becomes both age 50 or older and completes 20 or
17 more years of credited service.

18 (15) "Monthly compensation" means the wage, excluding
19 overtime, holiday payments, shift differential payments,
20 compensation time payments, and payments in lieu of sick
21 leave and annual leave, a member receives as an active
22 police officer.

23 (16) Any reference to "municipality", "city", or "town"
24 includes those jurisdictions which, prior to the effective
25 date of a county-municipal consolidation, were incorporated

14

municipalities, subsequent districts created for urban law enforcement services, or the entire county included in the county-municipal consolidation.

(17) "Plan" means the municipal police officers' retirement system created by this chapter.

(18) "Police officer" means a law enforcement officer employed by an employer.

(19) "Prior plan" means the local police reserve or retirement fund of a city which elects to join the plan under 19-9-107 or the statewide police reserve fund administered by the department of administration in accordance with Chapter 335, Laws of 1974.

(20) "Prior service" means a period of employment as a police officer for which credit was granted to a member under a prior plan and has been transferred to this plan.

(21) "Retirement allowance" means the employer annuity plus the member's annuity.

(22) "Retirement date" means the date on which the first payment of the retirement, disability, or survivor benefits of a member or a beneficiary is payable.

(23) "Totally and permanently disabled" means that the board, upon certification by a licensed and practicing physician, has determined that a member's disability is of such a nature as to permanently impair his ability to discharge his normal duties as a police officer."

Section 16. Section 19-9-203, MCA, is amended to read:

"19-9-203. Administrative expenses. (1) The expense of administration of this chapter, exclusive of amounts required to be paid as benefits to or on behalf of a member, may be paid from the fund.

(2) Before July 15 of each year, the board may compute the administrative costs for the immediately preceding fiscal year and transfer that amount from the fund to the public employees' retirement system ~~account-in-the-agency~~ pension trust fund."

Section 17. Section 19-9-501, MCA, is amended to read:

"19-9-501. Retirement account. On July 1, 1977, there will be ~~an account-in-the-agency~~ a pension trust fund to be maintained on behalf of the plan. The state treasurer is the custodian of the ~~account fund~~ subject to the exclusive administrative control of the board."

Section 18. Section 19-9-706, MCA, is amended to read:

"19-9-706. Contributions based on disability compensation. (1) When an officer receives compensation under 7-32-4132, the member contributions for retirement required under 19-9-601 will be paid on the total compensation received under 7-32-4132 and the employer contribution paid by the municipalities under 19-9-703 and the state contribution under 19-9-702 shall include as part of the salaries paid to police officers all compensation

received under 7-32-4132. The service represented by these contributions will be credited in the same manner as provided in 19-9-401.

(2) When an injured officer accepts a transfer under 7-32-4136 to a nonpolice position within the municipality covered under 19-3-401, all service and contributions previously credited with the municipal police officers' retirement system shall be transferred from the municipal police officers' retirement system ~~retirement-account-in-the agency pension trust~~ fund along with the interest to the public employees' retirement system ~~agency pension trust~~ fund. The employer contributions and interest transferred will be equal to the amount that would have been contributed had the transferred service been normal employment covered under the public employees' retirement system."

Section 19. Section 19-12-102, MCA, is amended to read:

"19-12-102. Definitions. Unless the context requires otherwise, the following definitions apply in this chapter:

(1) "Board" means the public employees' retirement board of the public employees' retirement system.

(2) "Division" means the division of workers' compensation of the department of labor and industry.

(3) "Fire company" means a fire company organized in an unincorporated area, town, or village under the laws of

the state of Montana.

(4) The fiscal year begins on July 1 and ends on June 30 of each year.

(5) "Fund" or "volunteer firefighters' fund" means the volunteer firefighters' ~~compensation-account-in-the-agency pension trust~~ fund."

Section 20. Section 19-12-407, MCA, is amended to read:

"19-12-407. Payment of pension benefits. All payments under the volunteer firefighters' pension plan must be approved by the public employees' retirement system and paid by warrants drawn upon the agency pension trust fund, payable to the order of the individual qualified volunteer firefighter or the beneficiary as provided in 19-12-405(1)."

Section 21. Section 19-13-104, MCA, is amended to read:

"19-13-104. Definitions. Unless the context requires otherwise, the following definitions apply in this chapter:

(1) "Administrator" means the public employees' retirement division of the department of administration.

(2) "Board" means the retirement board described in 2-15-1009.

(3) "Credited service" means the aggregate of a member's prior service and membership service.

(4) "Dependent child" means a child of a deceased

14

1 member who is:

2 (a) unmarried and under age 18; or

3 (b) unmarried, under age 24, and attending an

4 accredited postsecondary educational institution as a

5 full-time student in anticipation of receiving a certificate

6 or degree.

7 (5) "Employer" means any city that is of the first or

8 second class or that elects to join this plan under

9 19-13-108.

10 (6) "Final average salary" means the monthly

11 compensation of a member hired on or after July 1, 1981,

12 averaged over the last 36 months of his active service or,

13 if he has not been a member that long, over the period of

14 his membership.

15 (7) "Firefighter" means a person employed as a full-

16 or part-paid firefighter by an employer.

17 (8) "Full-paid firefighter" means a person appointed

18 as a firefighter under 7-33-4106.

19 (9) "Fund" means the ~~agency-account pension trust fund~~

20 in the state treasury system designated for the use of the

21 plan.

22 (10) "Member" means a person who is employed by an

23 employer as a full- or part-paid firefighter or who is

24 entitled to a retirement allowance by virtue of his service

25 to an employer as a firefighter.

1 (11) "Member contributions" means the total of the

2 deductions from a member's compensation made during a period

3 of active membership under this chapter or made under a

4 prior plan and transferred to this plan, standing to his

5 credit, together with the interest thereon.

6 (12) "Membership service" means a period of employment

7 with an employer occurring after July 1, 1981, during which

8 the withholdings required by this chapter have been made

9 from a member's monthly compensation and credited to his

10 member contributions account. Pro rata credit shall be

11 granted for employment on a part-time basis or for

12 employment over a period of less than a complete fiscal

13 year.

14 (13) "Minimum retirement date" means the first day of

15 the month coinciding with or immediately following, if none

16 coincides, the date on which a member becomes both age 50 or

17 older and completes 10 or more years of credited service.

18 (14) "Monthly compensation" means:

19 (a) for a full-paid firefighter, the regular monthly

20 compensation, excluding overtime, holiday payments, shift

21 differential payments, compensatory time payments, and

22 payments in lieu of sick leave, paid by an employer for his

23 service as a firefighter;

24 (b) for a part-paid firefighter employed by a city of

25 the second class, 15% of the average regular monthly

17

1 compensation, excluding overtime, holiday payments, shift
2 differential payments, compensatory time payments, and
3 payments in lieu of sick leave, paid to all newly confirmed,
4 active firefighters employed by cities of the second class
5 on July 1 of each year.

6 (15) Any reference to "municipality", "city", or "town"
7 includes those jurisdictions which, prior to the effective
8 date of a county-municipal consolidation, were incorporated
9 municipalities, subsequent districts created for urban
10 firefighting services, or the entire county included in the
11 county-municipal consolidation.

12 (16) "Part-paid firefighter" means a person employed
13 under 7-33-4109 who receives compensation in excess of \$300
14 a year for his service as a firefighter.

15 (17) "Plan" means the municipal firefighters'
16 retirement system created by this chapter.

17 (18) "Prior plan" means the fire department relief
18 association plan of a city that elects to join the plan
19 under 19-13-108 or the fire department relief association
20 plan of a city of the first or second class.

21 (19) "Prior service" means a period of employment as a
22 firefighter for which credit was granted to a member under a
23 prior plan and has been transferred to this plan.

24 (20) "Retirement allowance" means the monthly benefit
25 payable after service or disability retirement.

1 (21) "Retirement date" means the date on which the
2 first payment of the retirement or disability benefits of a
3 member or a beneficiary is payable.

4 (22) "Totally and permanently disabled" means that the
5 board, upon certification by a licensed and practicing
6 physician, has determined that a member's disability is of
7 such a nature as to permanently impair his ability to
8 discharge his normal duties as a firefighter."

9 Section 22. Section 19-13-204, MCA, is amended to
10 read:

11 "19-13-204. Administrative expenses. (1) The expense
12 of administering this chapter, exclusive of the payment of
13 retirement allowances and other benefits, may be paid from
14 the fund.

15 (2) Before July 15 of each year, the board may compute
16 the administrative costs for the immediately preceding
17 fiscal year and transfer that amount from the fund to the
18 public employees' retirement system ~~account in the agency~~
19 pension trust fund."

20 Section 23. Section 19-13-501, MCA, is amended to
21 read:

22 "19-13-501. Retirement ~~account fund~~. Beginning July 1,
23 1981, ~~an account in the agency a pension trust~~ fund shall be
24 maintained on behalf of the plan. The state treasurer is the
25 custodian of the ~~account fund~~ subject to the exclusive

1 administrative control of the board."

2 NEW SECTION. Section 24. Code commissioner to make
3 changes. Whenever a reference to a treasury fund type, fund,
4 or account appears in any new material enacted by the 48th
5 legislature and approved by the governor, whether in new
6 sections or amended sections, the code commissioner, in
7 consultation with the department of administration and the
8 legislative fiscal analyst, shall change the reference in
9 that material as necessary to reflect the fund structure
10 provided for in 17-2-102. The code commissioner may make
11 other incidental changes to reflect the intent of this act
12 without changing the meaning.

13 NEW SECTION. Section 25. Effective date. This act is
14 effective July 1, 1983.

-End-

MINUTES OF THE MEETING OF THE HOUSE STATE ADMINISTRATION COMMITTEE
February 2, 1983

CHAIRMAN JOE BRAND called the meeting to order at 8 a.m. in Room 129 of the Capitol. All members were present.

CHAIRMAN BRAND CALLED THE COMMITTEE INTO EXECUTIVE SESSION BY CALLING FOR ACTION ON HOUSE BILL 52.

EXECUTIVE SESSION

HOUSE BILL 52

REPRESENTATIVE KATHLEEN McBRIDE said that her subcommittee has decided House Bill 52 is unneeded under present law. She said there are remedies in the law now. She said the subcommittee got a list from the attorney for the Campaign Commissioner's office of remedies that now exist in the law. Rep. McBride recommended the Committee table the bill, show its sponsor, REPRESENTATIVE JOHN SHONTZ, the list from the Campaign Commissioner Attorney, and see if he wants to pursue the bill.

REP. McBRIDE MOVED that House Bill 52 be TABLED. REP. WALTER SALES SECONDED. The question being called, the MOTION CARRIED by unanimous voice vote. House Bill 52 was TABLED.

HOUSE BILL 79

Rep. McBride noted that House Bill 79, REPRESENTATIVE KEN NORDTVEDT'S salary bill, had much work invested by the committee and the subcommittee. She said a fiscal note attached to the measure was speculative at best. She said it would use a formula contained in an amendment to index elected officials salaries. In her words, "It doesn't make it any easier to deal with large increases." She said the Legislature would always have the prerogative of changing the formula.

REPRESENTATIVE SALES, who was a co-sponsor of House Bill 79, conceded the bill would always produce a lagging effect in the salaries of elected officials because it is based on a previous three-year factor. He said the Legislature could always disregard the bill, and "every Legislature would be under pressure to raise or lower it."

Rep. McBride said the key to the bill is the initial establishment of base salaries against which the future factor would be applied. She said that would probably be "the biggest fight over this bill."

Rep. Sales said those who are set with high salaries would do well by the bill from here on out, while the ones with low salaries would get less.

22

Rep. Sales said, "We're shafting the largest group of voters in the state -- the independents -- with this bill. Those last 30 days can be quite important."

Rep. Pistoria said that in the case when one declares 30 days prior to an election, what happens then -- can you go one way or the other? Several committee members answered in the negative.

Chairman Brand noted that the committee already killed an open primary bill, and this was the only alternative before the state of Montana or the political parties go to court.

Rep. Helen O'Connell said that she regarded the voting booth as a confessional, and entitled to all the privilege and privacy of a confessional. With this, however, "it's wide open."

REPRESENTATIVE FRANCIS KOEHNKE said, "It's nobody else's business."

Rep. Phillips said the bill would "help the party maintain discipline." But, he said, with this bill he believes voting in primaries would go down immensely.

The question being called, the MOTION FAILED on a roll-call vote by a vote of 11 "NAYS" and 8 "AYES".

REP. PHILLIPS MOVED House Bill 411 DO NOT PASS AS AMENDED, REP. BLISS SECONDED. Chairman Brand asked for, and received, the consent of the committee to reverse the previous roll-call vote, to indicate the Phillips' MOTION PASSING by a vote of 11 "AYES" and 8 "NAYS".

CHAIRMAN BRAND TOOK THE COMMITTEE FROM EXECUTIVE SESSION AND ASKED REPRESENTATIVE O'CONNELL TO CHAIR THE PORTION OF THE COMMITTEE FOR HEARING BILLS.

HOUSE BILLS 489, 505, 530, 531, 532, 533

VICE CHAIRMAN O'CONNELL called for a joint hearing on House Bills 489, 505, 530, 531, 532, & 533, REPRESENTATIVE FRANCIS BARDANOUVE, sponsor of the measures, stated that the six bills were house-keeping measures to bring code language into compliance with two measures passed by the 1981 Legislature, House Bills 341 and 482.

Rep. Bardanouve said House Bill 341 from 1981 would adopt "generally accepted accounting principles" in appropriate code language, and House Bill 482 would change the names of the funds. He said the effective dates on those measures were delayed until 1983 in order to provide for these house-keeping bills in this session. Rep. Bardanouve said these bill were necessary in order for the state to receive more favorable interest rates on bonds. He said adoption of this kind of language, "generally accepted accounting principles," could boost interest rates on state bonds by 1/8 to 1/4 of 2 percent. He said on several million dollars worth of bonds, "that is a substantial amount of money."

Rep. Bardanouve noted that general accepted accounting principles (GAAP) provide a "yardstick" used by the accounting and finance industries. He said that in the wake of the New York City bonding fiasco, bond companies are becoming nervous about various accounting systems. He said the bond companies prefer that governments adopt GAAP. Otherwise, he said, governments can have debts that don't appear on balance sheets. He said the absence of GAAP is a negative factor in the review and rating of bonds. He said it makes it harder to sell bonds without GAAP.

Some of the changes Rep. Bardanouve said would be made by the six bills would be to describe "earmarked revenue" as "special revenue funds"; "debt service fund" as "enterprise fund"; "internal service funds" as "inter-agency charges."

He said the bill would enable our bond buyers to know what we have and when. He said it would save money for Montana. Rep. Bardanouve also distributed two handouts relevant to the measures (attached).

PROPOSERS

Morris Brusett, Director of the Department of Administration, spoke for the bills, calling them "very necessary."

JUDY RIPPINGALE, Legislative Fiscal Analyst, noted some problems with the bills. With regard to the Special Revenue Fund, she said, the bill would no longer indicate whether revenue comes from federal or state sources. She said this is not required under GAAP, but is helpful in the Legislative budgeting process. She suggested that changes could be made in the bills to still comply with GAAP but also identify two separate sub-funds within a special revenue fund.

REPRESENTATIVE GLENN MUELLER asked Rep. Bardanouve if he had any problems with Rippingale's recommendation. Rep. Bardanouve said he would like to have the changes made if GAAP could be maintained. Rep. Mueller asked Brusett if this was possible. Brusett said he did not see the necessity of putting the extra information in there, but he did not feel strongly about it. He said, however, the Legislative Auditor's office does.

WAYNE KETTISH, the Audit Manager of the Legislative Auditor's office, spoke against Rippingale's suggestion. He called it "not necessary. It reduces legislative flexibility," he said. "You may want changes in the future but this bill makes it hard to change. Some funds don't fit in with this." Kettish suggested reviewing accounting titles as an alternative to Rippingale's suggestion.

Chairman Brand asked whether it would be better to know of the additional information about money, where it comes from and where it goes? Kettish said the current budget was done in a "transition mode." He suggested that another bill be used to track federal funds without getting into the matter of special revenue funds.

Chairman Brand asked Kettish about the practice of other states. Kettish said the system may be used in other states, because there are "hundreds and hundreds of ways" to operate the books.

Rep. Mueller asked Kettish if he thought that Rippingale's suggestions could be solved with internal bookkeeping. Kettish said that the problem is that agencies often place money in the wrong fund and a problem arises as to how to settle the dispute -- through emergency funding or just the wrong deposit of funds.

Rep. Joe Hammond asked Kettish if he was saying that a separate bill would take care of the problem. Legislative Fiscal Analyst Rippingale said the problem that Kettish describes is a theoretical problem with a theoretical solution, and those sorts of solutions prove to be impractical in reality.

Rep. Hammond asked if Rippingale was recommending the committee go through 235 amendments and change the language. Rippingale said that was the most ideal.

Rep. Mueller asked if a separate bill was possible. Rippingale said it was, but it would be more clear if the changes were handled in the six bills.

Chairman Brand asked Brusett if this would take long to do. Brusett said no, it would just require drafting of amendments.

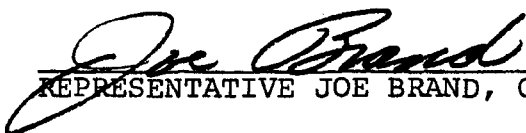
Rep. Paul Pistoria asked Bardanouve what he thought of Rippingale's suggestion. Rep. Bardanouve said he would probably oppose anything that would complicate the bills.

Rep. Hand asked Kettish if he would oppose Rippingale's suggestion. Kettish said he would not but he thought that his suggestions were better. He said it would work "either way."

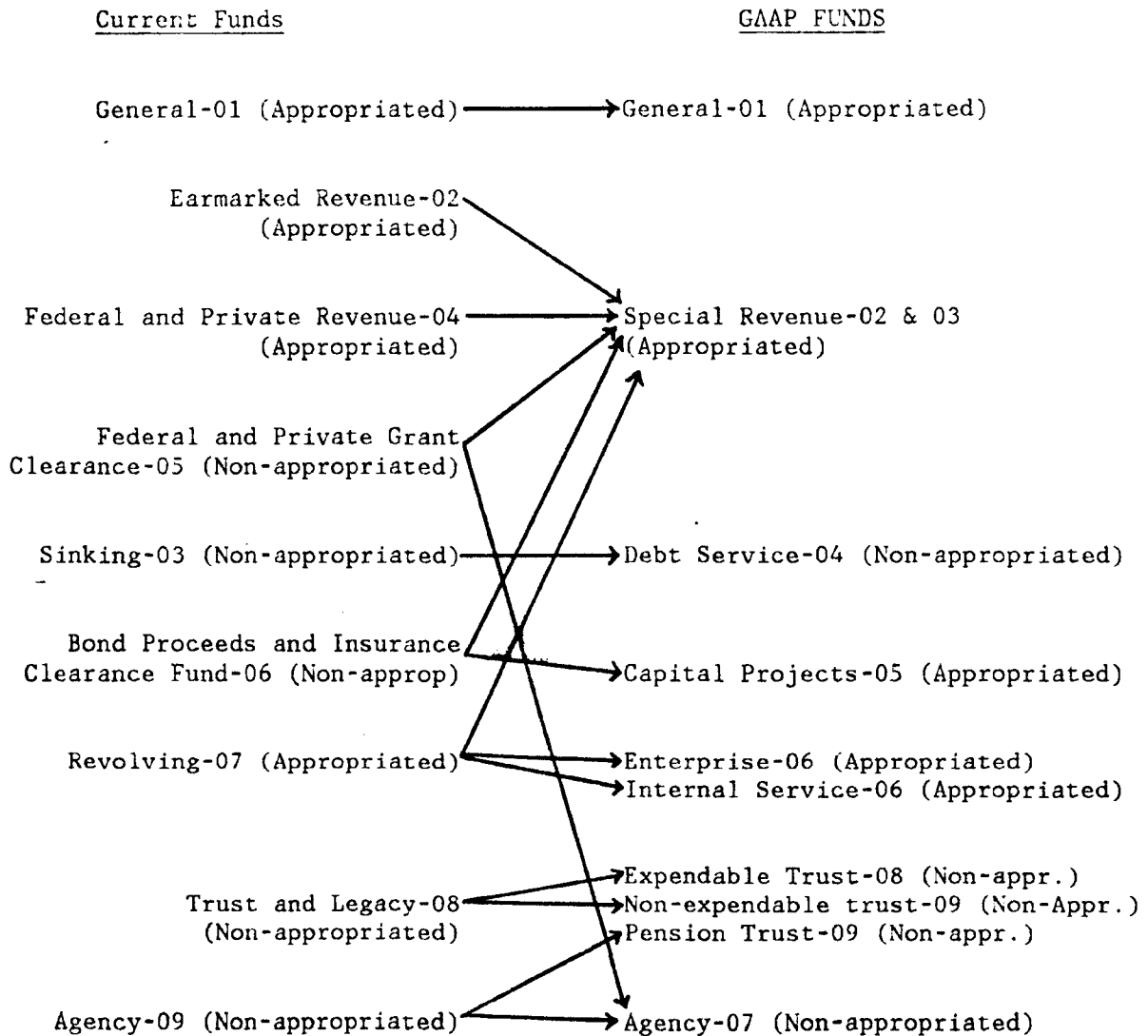
THERE BEING NO FURTHER PROPONENTS, AND NO OPPONENTS TO THE SIX BILLS, REPRESENTATIVE BARDANOUE CLOSED.

Chairman Brand suggested the bills be assigned to a committee to bring the various factions together. Chairman Brand appointed Rep. Hammond chairman of the subcommittee and appointed Reps. Bardanouve and Smith to serve on the subcommittee.

THE MEETING WAS DECLARED ADJOURNED.


REPRESENTATIVE JOE BRAND, Chairman

The following shows where the majority of entities making up a current treasury fund were placed under the new GAAP fund structure.



Current Montana Funds

General Fund - all monies available to defray general costs of state government which do not fall into one of the state funds defined below.

Earmarked Revenue Fund - monies from state sources which are specifically earmarked by law for defraying the costs of a particular agency, program or function of state government.

Sinking Fund - monies for payment of principal and interest and the accumulation of reserves for bonded or other indebtedness.

Federal and Private Revenue Fund - monies from federal and private sources, including trust income, used for the operation of state government.

Federal and Private Grant Clearance Fund - monies from federal or private sources, including trust income, disbursed to persons, associations, or units of local government.

Bond Proceeds and Insurance Clearance Fund - (a) monies from the sale of bonds, certificates of indebtedness, or similar obligations; (b) monies indemnifying the state for loss or damage of property.

Revolving Fund - (a) monies used to defray reimbursable expenditures; (b) monies used to supply working capital for enterprise type operations.

Trust and Legacy Fund - monies state administers as a trustee pursuant to a law or trust agreement restricting use of the monies for a specified purpose and prohibiting expenditure of principal for at least 5 years.

Agency Fund - monies held and disbursed by the State as custodian or agent.

GAAP Funds

General Fund - all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - proceeds of specific revenue sources legally restricted to expenditure for specified purposes (other than expendable trusts or major capital projects).

Capital Project Funds - resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary type or trust funds).

Debt Service Funds - resources accumulated for payment of general long-term debt principal and interest.

Enterprise Funds - operations (a) financed and operated similar to private business enterprise whenever the intent of the legislature is that costs are to be financed or recovered primarily through user charges, or (b) whenever the legislature has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate.

Internal Service Funds - to account for the financing of goods and services provided by one department or agency to others or to other governmental entities on a cost reimbursed basis.

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental entities or other funds. These include: (a) expendable trust funds, (b) nonexpendable trust funds, (c) pension trust funds, and (d) agency funds.

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MINUTES OF THE MEETING OF THE HOUSE STATE ADMINISTRATION
COMMITTEE
February 10, 1983

The House State Administration Committee met at 8 a.m., February 10, 1983, in Room 129 of the Capitol. CHAIRMAN JOE BRAND presided. All members were present.

Chairman Brand opened discussion of bills in committee with House Bill 639, introduced by REP. STEVE WALDRON, who said it is the opinion of both the Department of Administration and the Department of Commerce that combining all functions that deal with local government in one spot provides for better and cleaner administration. It also allows local governments to go to one place to deal with all the services that are provided for them.

CHERYL HUTCHINSON from the office of the Lt. Governor spoke in support of HB 639. (Her testimony is attached.)

NANCY LEIFER of the Department of Commerce spoke in support of HB 639. (Her testimony is attached.)

DAVE ASHLEY of the Department of Administration spoke in support of HB 639. "Our interest is simply in seeing that the services provided by the department are provided in the best location in state government. The function of the Department of Administration is mostly one of service to state agencies. The Department of Commerce is in the business of helping business and other communities and working with economic growth in the state of Montana. It seems appropriate that we see that division transferred to the Department of Commerce."

GEORGE PENDERGAST, administrator of the Local Government Services Division in the Department of Administration, spoke in favor of HB 639. "The citations that you see on HB 639 essentially are comprised of statutes dealing with local government, including accounting for local government, the audit of local government, the destruction and retention of records and pledged securities. I am here to support HB 639 because we feel the Department of Commerce will offer the services that will complement local government."

GEORGE BOUSLIMAN, lobbyist for the Urban Coalition, spoke in support of HB 639.

There were no opponents to HB 639. Rep. Waldron closed by saying: "There will be some very minimal fiscal impact. The Department of Commerce will have to be reimbursed by the Department of Administration." He did not have the figures at this time.

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MINUTES OF THE MEETING OF THE HOUSE STATE ADMINISTRATION
COMMITTEE

February 10, 1983

entered into that is longer than three years and exceeds \$25,000. Rep. McBride had concerns about including local governments into this act at their option. That amendment is on the last page." (Amendments attached.)

REP. KOEHNKE MOVED and REP. SMITH SECONDED TO ACCEPT THE AMENDMENTS.

VICE-CHAIRMAN O'CONNELL, in the absence of the Chairman, asked if there was any more discussion on the amendments.

Rep. Mueller: "On Amendment 20, what was the amount of money before?"

Rep. Koehnke: "It was originally \$500,000 and Francis (Bardanouve) said he didn't mean that."

Rep. Driscoll: "I thought there was going to be an amendment that gives preference to local contractors."

Lois Menzies: "It is not addressed in the amendments; I am not certain that it is addressed in the bill."

MORRIS BRUSSET, Director of the Department of Administration: "We have in the procurement bill that there is a preference for local contractors for printing."

Rep. Driscoll: "Is there anything in this bill or in the law for enforcement of that?"

Morris Brusset: "We are responsible for enforcement of the in-state preference."

Question was called for. The AMENDMENTS TO HB 493 WERE PASSED UNANIMOUSLY.

REP. SMITH MOVED and REP. HAMMOND SECONDED THAT THE BILL BE PASSED INCLUDING A STATEMENT OF INTENT AS AMENDED. HB 493 PASSED UNANIMOUSLY.

Vice-chairman O'Connell opened the hearing for the amendments to House Bills 489, 505, 530, 531, 532, 533 (Rep. Bardanouve's bills).

Morris Brussett was asked to explain the amendments: "Basically, the key is on the amendments on page 2 and the rest is to make everything consistent with this. In essence, instead of having one special revenue fund, we have a state special revenue fund that consists of monies from state sources that

MINUTES OF THE MEETING OF THE HOUSE STATE ADMINISTRATION
COMMITTEE
February 10, 1983

are deposited with the state treasury, which are earmarked for the purpose of defraying different costs, and a federal special revenue fund for the federal monies, and another special revenue fund for others, three categories as opposed to one fund. All the other changes are to make the other bills consistent with this change."

Rep. Solberg: "Do these satisfy the Fiscal Analyst?"

Rep. Hammond: "Francis was pretty insistent that these satisfy the Fiscal Analyst; and these do satisfy the Fiscal Analyst."

Rep. Brand mentioned that Rep. Kathleen McBride does not like any of the amendments.

Rep. Driscoll: "I thought that these bills came out because of last session."

Lois Menzies: "Last session there was a bill that instructed the Department of Administration to prepare some bills to address the changes in the treasury fund structure."

Morris Brussett: "Last session there was legislation passed that said this will be the new fund structure, effective July 1, 1983. There were instructions that during this interim we would go through all the laws and come up with a bill to make all the laws consistent with that."

Rep. Driscoll: "Was the Fiscal Analyst in on writing these?"

Morris Brussett: "Yes, they were a member of the task force."

Rep. Driscoll: "Did they propose all of these changes in that task force?"

Morris Brusset: "Kathy Fabiano from our office was the Chairman. It is my understanding that, with reluctance, they agreed and they have since changed their mind. You may want to talk to the Fiscal Analyst."

KATHY FABIANO: "The task force decided where the state activity would be placed in the fund structure. The Department of Administration drafted the bills and then copies of the bills were sent to each member of the task force."

Rep. Driscoll: "Then, at that time did the Fiscal Analyst object to the first draft?"

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MINUTES OF THE MEETING OF THE HOUSE STATE ADMINISTRATION
COMMITTEE
February 10, 1983

Kathy Fabiano: "No, the Office of the Legislative Auditor objected to the first draft and that is when we changed it to the form as it was originally proposed to the legislature."

Rep. Brand: "How much time element did they have to look over those drafts?"

Kathy Fabiano: "I think we had them done in about March or April."

Rep. Brand: "How many drafts did you have all together?"

Kathy Fabiano: "Just one draft of each bill."

Morris Brussett: "I think we had an original draft and when the Legislative Auditor objected to it, we came up with a revised draft."

Rep. Brand: "Judy Rippingale, were you in favor of the first draft that was put before you of all these bills?"

JUDY RIPPINGALE, Fiscal Analyst: "Yes, we were in favor of the first draft as it came out of the task force and as it was presented by the Department of Administration. The first draft had been discussed and agreed to by three out of four members of the task force at that time. It was late November, early December when the Legislative Auditor did not agree with the first draft. I still think the first draft as agreed to by the task force was the best."

Rep. Brand introduced John Northy of the Legislative Auditor's Office and asked him to explain his version of the disagreement.

JOHN NORTHY: "I am not a technician in accounting, but I do know a little bit of the factual background, and as far as our office is concerned we were of the impression that there was agreement that the Fiscal Analyst had reluctantly agreed to the bills as originally introduced. The first we knew of the objection was at the original hearing on the bill. It took us completely by surprise."

There was much discussion over the disagreement over the wording of the amendments.

Rep. Mueller: "I guess, just the bottom line, these amendments are agreeable to you?"

Judy Rippingale: "Yes, they are agreeable to me."

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MINUTES OF THE MEETING OF THE HOUSE STATE ADMINISTRATION
COMMITTEE
February 10, 1983

John Northy introduced Mary Brison from the Auditor's Office to explain the difficulty they had experienced with the amendments.

MARY BRISON: "One of the concerns that we had was the consistency application in the special revenue fund and the ability of our office to give an opinion. We are concerned with general accounting principles in that they require a special revenue fund. In the future, if the Legislature wished to change that law, we would have to issue a qualified opinion. As it is now, you would have an inconsistency between what the law states and what the financial statements become because the funds, as they are proposed in the amendments, would be rolled into a special revenue fund. The law would be inconsistent with the final statements as they are presented. And, if we issued a qualified opinion, it could have an impact on the bond rating for the state of Montana."

REP. BLISS MOVED and REP. MUELLER SECONDED THE MOTION THAT THE AMENDMENTS BE ACCEPTED FOR ALL SIX BILLS. THE AMENDMENTS FOR HB 489, HB 505, HB 530, HB 531, HB 532 AND HB 533 PASSED UNANIMOUSLY.

REP. HAMMOND MOVED and REP. SMITH SECONDED THE MOTION THAT ALL SIX BILLS BE PASSED AS AMENDED. HB 489, HB 505, HB 530, HB 531, HB 532 and HB 533 AS AMENDED PASSED UNANIMOUSLY.

Rep. Hammond moved to adjourn at 9:57 a.m.



REP. JOE BRAND, Chairman

STANDING COMMITTEE REPORT

FEBRUARY 10,

19 83

MR. **SPEAKER**

We, your committee on **STATE ADMINISTRATION**

having had under consideration **HOUSE** Bill No. **531**

first reading copy (**white**)
color

"AN ACT TO GENERALLY REVISE LANGUAGE IN CODE SECTIONS DEALING WITH THE RETIREMENT SYSTEMS IN ORDER THAT REFERENCES TO THE TREASURY FUND STRUCTURE CONFORM TO CHAPTER 28, LAWS OF 1981, AS REQUIRED BY CHAPTER 28, SECTION 5, LAWS OF 1981; AMENDING SECTIONS 19-1-202, 19-3-104, 19-4-501, 19-5-101, 19-5-202, 19-6-101, 19-6-203, 19-6-401, 19-7-101, 19-7-202, 19-8-101, 19-8-203, 19-8-401, 19-8-403, 19-9-104, 19-9-203, 19-9-501, 19-9-706, 19-12-102, 19-12-407, 19-13-104, 19-13-204, AND 19-13-501, MCA; INSTRUCTING THE CODE COMMISSIONER TO MAKE THE NECESSARY CHANGES; AND PROVIDING AN EFFECTIVE DATE."

Respectfully report as follows: That **HOUSE** Bill No. **531**

DO PASS

STATE PUB. CO.
Helena, Mont.

REP. JOE BRAND,

Chairman.

COMMITTEE SECRETARY

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DEPARTMENT OF ADMINISTRATION
DIRECTOR'S OFFICE

HB 489
505
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MITCHELL BUILDING



TED SCHWINDEN, GOVERNOR

STATE OF MONTANA

NOV 22 2032

HELENA MONTANA 59620

TO: Representative Joe Hammond, Chairman
Representative Francis Bardanoue
Representative Clyde Smith
House State Administration Committee's Subcommittee on Treasury Fund Bills

FROM: Morris L. Brusett, Director *MAO*
Department of Administration

DATE: February 7, 1983

RE: TREASURY FUND BILLS

Enclosed are the 66 amendments required to segregate the proposed special revenue fund into 3 subfunds consisting of: 1) the state special revenue fund; 2) the federal special revenue fund; and 3) other special revenue funds.

As I indicated at the committee hearing, we believe these amendments are unnecessary for the reasons set forth in the attached memo that was prepared by Ms. Kathy Fabiano, Accounting Division, who headed up the interim Treasury Fund Structure Task Force.

It is my understanding that two of the other three members of the task force still concur with the task force's recommendation to include only one special revenue fund type in the statutes. The two members are the Office of Budget and Program Planning and the Office of the Legislative Auditor. The third member, the Office of the Legislative Fiscal Analyst, now opposes the original bill for the reasons set forth at the committee hearing.

Please let me know if you want to meet with the task force to consider this further.

cc Representative Joe Brand ✓
Representative Kathleen McBride
Judy Rippingale, Legislative Fiscal Analyst
Dave Lewis, Budget Director
Bob Ringwood, Legislative Auditor
Kathy Fabiano, Accounting Division
Lois Menzies, Committee Researcher

The following is intended to set forth the Department of Administration's reasons for drafting House Bills 489, 505 and 530-533 as they were introduced, rather than including the proposed amendments. These bills revise language in code sections that refer to the treasury fund structure.

Under the new fund structure effective July 1, 1983, Montana will have "special revenue funds" to account for the "proceeds of specific revenue sources that are restricted to expenditure for specified purposes". The majority of moneys accounted for in the special revenue funds consist of the current "earmarked" monies and all federal monies that are used for State operations. There is also a small amount of private money and money used to defray reimbursable expenditures (currently revolving funds) in the new special revenue funds.

The Department of Administration recognizes that, because fiscal concerns differ depending on the kind of money being considered, a distinction between the three kinds of special revenue money--earmarked, federal and other, has to be maintained. In fact, throughout the process to implement the new fund structure the Department maintained this separation for all accounting, budgeting, and reporting purposes.

- The accounting system will continue to track the three kinds of money. We will use the exact same method as had been used in the past to distinguish between the current "Earmarked Revenue Fund" and "Federal and Private Revenue Fund" moneys. This is accomplished primarily through the use of accounting entities and revenue classification codes, each assigned unique identifying numbers.
- The Executive budget for the 1984-1985 biennium continues to distinguish earmarked from federal and other moneys by referring to the "Earmarked Special Fund" and the "Federal and Private Special Fund". Because the accounting system will identify the three kinds of special revenue money, budgets prepared in the future can also continue to disclose the separate funding sources.
- It is necessary to distinguish between revenue sources to properly apply budget amendment criteria. This is accomplished in the General Appropriations Act introduced this session by OBPP by first defining "State special revenue entities" and "other special revenue entities" in reference to the accounting system's unique identifying numbers, then in Section 3 of the Act

saying "no budget amendment may be approved to spend money from a State Special Revenue Fund accounting entity unless an emergency exists." House Bill 548, introduced this session by request of the Legislative Finance Committee, entitled "An Act to Generally Revise, Expand, and Clarify the Law Pertaining to Budget Amendments" uses the same means as the General Appropriations Act to define "State" special revenue entities.

- The Montana Annual Financial Report will include financial statements with all special revenue funds combined, as required by generally accepted accounting principles. The report will also include separate financial statements showing the special revenue funds individually and will define the type of activity recorded in each.

Thus, for accounting, budgeting and reporting purposes Montana will continue to distinguish between State (earmarked), federal and other special revenue funds. However the MCA's, if House Bills 489, 505, and 530-533 pass as introduced, will remain non-specific and refer only to "a special revenue fund".

Although the proposed legislation can be amended to refer to "a State" special revenue fund, "a federal" special revenue fund, and "other" special revenue funds, the Department of Administration feels the numerous amendments are not necessary for the following reasons.

1. As discussed previously, special revenue fund moneys can be adequately segregated to meet all accounting, budgeting and reporting needs without the additional statutory language.
2. Even if amended, in almost all cases the statutes cannot be used as a reference to determine if a given dollar is federal, since very little federal money received by Montana is referred to in the statutes.
3. The Department polled three other states, each considered a leader in financial accounting and reporting, and found that all three avoided reference of any kind to the treasury funds in their statutes. Rather, in each state the placement of moneys in the correct fund was always handled administratively according to generally accepted accounting principles. If other states can achieve accountability for their

revenues without any statutory reference to funds, Montana can do the same with general, rather than specific, statutory fund requirements.

4. Statutory requirements for "a special revenue fund", as the bills were introduced, adequately ensures that the moneys referred to will never be placed in the General Fund, or any other type fund, without legislative approval.

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House BILL NO. 531

INTRODUCED BY *Salmon*

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE
LANGUAGE IN CODE SECTIONS DEALING WITH THE RETIREMENT
SYSTEMS IN ORDER THAT REFERENCES TO THE TREASURY FUND
STRUCTURE CONFORM TO CHAPTER 28, LAWS OF 1981, AS REQUIRED
BY CHAPTER 28, SECTION 5, LAWS OF 1981; AMENDING SECTIONS
19-1-202, 19-3-104, 19-4-501, 19-5-101, 19-5-202, 19-6-101,
19-6-203, 19-6-401, 19-7-101, 19-7-202, 19-8-101, 19-8-203,
19-8-401, 19-8-405, 19-9-104, 19-9-203, 19-9-501, 19-9-703,
19-12-102, 19-12-407, 19-13-104, 19-13-204, AND 19-13-501,
MCA; INSTRUCTING THE CODE COMMISSIONER TO MAKE THE NECESSARY
CHANGES; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 19-1-202, MCA, is amended to read:

"19-1-202. Costs of administration. All costs
allocable to the administration of this chapter shall be
charged to the ~~earmarked-revenue-fund~~ retirement division
~~account~~ pension trust fund. So much of the costs as are not
defrayed by interest and income earned upon the contribution
account, which has been credited to the ~~earmarked-revenue~~
~~fund~~ retirement division ~~account~~ pension trust fund, as

THIRD READING

There are no changes on HB 531. Please refer
to introduced (white) or second reading (yellow)
for complete text.

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Approved by Committee
on State Administration

1 House BILL NO. 531
2 INTRODUCED BY Balentine
3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE
6 LANGUAGE IN CODE SECTIONS DEALING WITH THE RETIREMENT
7 SYSTEMS IN ORDER THAT REFERENCES TO THE TREASURY FUND
8 STRUCTURE CONFORM TO CHAPTER 28, LAWS OF 1981; AS REQUIRED
9 BY CHAPTER 28, SECTION 5, LAWS OF 1981; AMENDING SECTIONS
10 19-1-202, 19-3-104, 19-4-501, 19-5-101, 19-5-202, 19-6-101,
11 19-6-203, 19-6-401, 19-7-101, 19-7-202, 19-8-101, 19-8-203,
12 19-8-401, 19-8-405, 19-9-104, 19-9-203, 19-9-501, 19-9-703,
13 19-12-102, 19-12-407, 19-13-104, 19-13-204, AND 19-13-501,
14 MCA; INSTRUCTING THE CODE COMMISSIONER TO MAKE THE NECESSARY
15 CHANGES; AND PROVIDING AN EFFECTIVE DATE."
16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
18 Section 1. Section 19-1-202, MCA, is amended to read:
19 "19-1-202. Costs of administration. All costs
20 allocable to the administration of this chapter shall be
21 charged to the ~~earmarked-revenue-fund~~ retirement division
22 ~~account~~ pension trust fund. So much of the costs as are not
23 defrayed by interest and income earned upon the contribution
24 account, which has been credited to the ~~earmarked-revenue~~
25 ~~fund~~ retirement division ~~account~~ pension trust fund, as

1 provided in 19-1-602, shall be paid to the state agency for
2 deposit to the ~~earmarked-revenue-fund~~ retirement division
3 ~~account~~ pension trust fund by each department of the state
4 and by the participating divisions, instrumentalities, and
5 political subdivisions of the state pro rata according to
6 their respective contributions."

7 Section 2. Section 19-3-104, MCA, is amended to read:

8 "19-3-104. Definitions. Unless the context requires
9 otherwise, in this chapter the following definitions apply:

10 (1) "Accumulated contributions" means the sum of all
11 the contributions standing to the credit of a member's
12 individual account, together with the regular interest
13 thereon.

14 (2) "Actuarial equivalent" means a benefit of equal
15 value when computed upon the basis of the actuarial tables
16 in use by the system.

17 (3) "Actuary" means the actuary retained by the board
18 in accordance with 19-3-305.

19 (4) "Additional contributions" means contributions by
20 members under the provisions of 19-3-702.

21 (5) "Annuity" means payments for life derived from
22 contributions made by a member as provided in this chapter.

23 (6) "Beneficiary" means the person so designated
24 pursuant to part 13 of this chapter.

25 (7) "Benefit" means the retirement allowance.

1 survivorship allowance, death benefit, or refund of
2 accumulated contributions provided by this chapter.

3 (8) "Board" means the public employees' retirement
4 board provided for in 2-15-1009.

5 (9) "Compensation" means remuneration paid out of
6 funds controlled by an employer. The compensation of each
7 member of the legislature of Montana for any year shall be
8 considered to be that portion of the product of the daily
9 compensation for such position multiplied by 360 upon which
10 such member elects to pay normal contributions during the
11 year.

12 (10) "Contracting employer" means any political
13 subdivision or governmental entity which has contracted to
14 come into the system.

15 (11) "Creditable service" means the aggregate of
16 membership service and prior service.

17 (12) "Disability" and "incapacity for performance of
18 duty", referred to herein as a basis of retirement, mean
19 disability of permanent duration or disability of extended
20 and uncertain duration, as determined by the board on the
21 basis of competent medical opinion.

22 (13) "Employee" means any person who is employed by an
23 employer in any capacity whatever and whose salary is paid
24 either by warrant of the employer or from the fees or income
25 of any department or agency of the employer. "Employee"

1 means further any person considered such pursuant to
2 19-3-402.

3 (14) "Employer" means the state of Montana, its
4 university system or any of the colleges, schools,
5 components, or units thereof for the purposes of this
6 chapter, or any political subdivision or governmental entity
7 which has contracted to come into the system.

8 (15) "Employer contributions" means payments to the
9 retirement fund from appropriations of the state of Montana
10 pursuant to 19-3-801 and from contracting employers pursuant
11 to the contracts between them and the board.

12 (16) "Final compensation" means a member's highest
13 average annual compensation during any 3 consecutive years
14 of membership service. Lump-sum payments for sick leave and
15 annual leave paid to the employee upon termination of
16 employment may be used in the calculation of a retirement
17 allowance only to the extent that they are used to replace
18 on a month for month basis, the normal compensation for a
19 month or months included in the calculation of the final
20 salary. A lump-sum payment may not be added to a single
21 month's compensation.

22 (17) "Fiscal year" means any year commencing with July
23 1 and ending June 30 next following.

24 (18) "Head of department" means the head of any
25 department, institution, or branch of the state service

which directly pays salaries out of its income or which prepares, approves, and submits salary statements of its employees to the department of administration, state auditor, and state treasurer for payment.

(19) "Member" means any person included in the membership of the retirement system set forth in 19-3-401 and not excluded in 19-3-402, 19-3-403, or 19-3-406.

(20) "Membership service" means service with respect to which normal contributions and employer contributions are paid. A member of the legislature of Montana shall be credited with membership service for that portion of each year for which he pays normal contributions pursuant to subsection [(9)] of this section.

(21) "Normal contributions" means contributions required from members under this chapter and any optional contributions made under the provisions of 19-3-502 and 19-3-704.

(22) "Pension" means payments for life derived from contributions made from the state controlled funds or, in the case of members from contracting employers, from the funds of such contracting employers, as provided in this chapter.

(23) "Prior service" means all service rendered as an employee of the state before July 1, 1945, and all service rendered as an employee of a contracting employer before

July 1, 1947. Prior service includes all service rendered prior to July 1, 1945, as a member of the legislative assembly or lieutenant governor of Montana.

(24) "Regular interest" means interest at the rate set from time to time by the board.

(25) "Retirement" means withdrawal from active service with a retirement allowance granted under the provisions of this chapter.

(26) "Retirement allowance" means the periodic benefit payable following service, early, or disability retirement.

(27) "Retirement fund" means the public employees' retirement ~~account in the agency system pension trust~~ fund.

(28) "Retirement system" means the public employees' retirement system created by this chapter.

(29) "Service" means employment of an employee, except as provided in 19-3-501 and 19-3-502.

(30) "Survivorship allowance" means payments for life to the beneficiary of a deceased member as provided in part 12 of this chapter.

(31) "Written application" means a written instrument duly executed and filed with the board and containing all information required by the board, including such proofs of age as the board considers necessary."

Section 3. Section 19-4-501, MCA, is amended to read:
"19-4-501. Financial administration of moneys. The

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members of the retirement board are the trustees of all moneys collected for the retirement system, and as such trustees, they shall provide for the financial administration of the moneys in the following manner:

(1) The moneys shall be invested and reinvested by the state board of investments.

(2) The retirement board annually shall establish the rate of regular interest.

(3) The retirement board annually shall divide among the several funds reserves of the retirement system an amount equal to the average balance of the funds reserves during the preceding fiscal year multiplied by the rate of regular interest. In accordance with the provisions of 19-4-605(5), the amount to be credited to each fund reserve shall be allocated from the interest and other earnings on the moneys of the retirement system actually realized during the preceding fiscal year, less the amount allocated to the expense fund account under the provisions of 19-4-606.

(4) The state treasurer is the custodian of the collected retirement system moneys and of the securities in which the moneys are invested. All expenditures from the moneys may be made only upon claims signed by two persons designated by the retirement board. A properly attested copy of a resolution of the retirement board designating such persons and bearing on its face specimen signatures of each

person shall be filed with the department of administration as its authority for approving such claims.

(5) All the funds reserves established by part 6 of this chapter, ~~except the expense fund~~, shall be accounts in the agency pension trust fund type of the treasury fund structure of the state. ~~The expense fund shall be an account in the earmarked revenue fund of the same treasury fund structure~~

Section 4. Section 19-5-101, MCA, is amended to read: "19-5-101. Definitions. Unless a different meaning is plainly implied by the context, the following definitions apply in this chapter:

(1) "Accumulated deductions" means the total of the amounts deducted from the salary of a contributor, paid into the fund, and standing to his credit in the fund, together with the regular interest thereon.

(2) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of the actuarial tables in use by the system.

(3) "Beneficiary" means the person whom the contributor nominates by written designation, duly acknowledged and filed with the board.

(4) "Board" means the public employees' retirement board.

(5) "Contributor" means any person who has accumulated

1 deductions in the fund standing to his credit.

2 (6) "Final salary" means the annual current salary for
3 the office retired from.

4 (7) "Fund" means the Montana judges' retirement system
5 ~~agency-account pension trust fund.~~

6 (8) "Involuntary retirement" means a retirement not
7 for cause and before retirement age.

8 (9) "Member's annuity" means payments for life derived
9 from contributions made by the contributor.

10 (10) "Penalty retirement age" means 70 years of age.

11 (11) "Retired judge" means any judge or justice in
12 receipt of a retirement allowance under this chapter.

13 (12) "Retirement allowance" means the state annuity
14 plus the member's annuity.

15 (13) "State annuity" means payments for life derived
16 from contributions made by the state of Montana."

17 Section 5. Section 19-5-202, MCA, is amended to read:

18 "19-5-202. Administrative expenses. (1) The expense of
19 the administration of this chapter, exclusive of the payment
20 of retirement allowances and other benefits, may be paid
21 from the fund.

22 (2) Before July 15 of each year, the board may compute
23 the administrative costs for the immediately preceding
24 fiscal year and transfer that amount from the fund to the
25 public employees' retirement system ~~account-in-the-agency~~

1 ~~pension trust fund."~~

2 Section 6. Section 19-6-101, MCA, is amended to read:

3 "19-6-101. Definitions. Unless the context requires
4 otherwise, the following definitions apply in this chapter:

5 (1) "Account" means the Montana highway patrolmen's
6 retirement ~~account-in-the-agency pension trust~~ fund.

7 (2) "Accumulated deductions" means the total of the
8 amounts deducted from the salary of a member, paid into the
9 account, and standing to his credit in the account, together
10 with the regular interest thereon.

11 (3) "Actuarial equivalent" means a benefit of equal
12 value when computed on the basis of the actuarial tables in
13 use by the system.

14 (4) "Beneficiary" means a person nominated to receive
15 benefits under this chapter by a member's written
16 designation, duly acknowledged and filed with the
17 department.

18 (5) "Board" means the public employees' retirement
19 board provided for in 2-15-1079.

20 (6) "Compulsory retirement age" means 60 years of age.

21 (7) "Department" means the public employees'
22 retirement division of the department of administration.

23 (8) "Final salary" means the average annual
24 compensation received by a member, before any deductions
25 have been made and exclusive of maintenance, allowances, and

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1 expenses, for any 3 years of continuous service upon which
2 contributions have been made or, in the event a member has
3 not served 3 years, the total compensation earned divided by
4 the number of years served. Lump-sum payments for sick leave
5 and annual leave paid to an employee upon termination of
6 employment may be used in the calculation of a retirement
7 allowance only to the extent that they are used to replace
8 on a month for month basis, the normal compensation for a
9 month or months included in the calculation of the final
10 salary. A lump-sum payment may not be added to a single
11 month's compensation.

12 (9) "Member" means a person who has accumulated
13 deductions in the account standing to his credit.

14 (10) "Member's annuity" means payments for life derived
15 from contributions made by the member.

16 (11) "Retired patrolman" means a person in receipt of a
17 retirement allowance under this chapter.

18 (12) "Retirement age" means the age at which a member
19 retires after 25 years of creditable service with the
20 Montana highway patrol or 60 years of age, whichever occurs
21 first.

22 (13) "Retirement allowance" means the state annuity
23 plus the member's annuity.

24 (14) "State annuity" means payments for life derived
25 from contributions made by the state of Montana."

1 Section 7. Section 19-6-203, MCA, is amended to read:
2 "19-6-203. Administrative expenses. (1) The expense of
3 the administration of this chapter, exclusive of the payment
4 of retirement allowances and other benefits, may be paid
5 from the fund account.

6 (2) Before July 15 of each year, the board may compute
7 the administrative costs for the immediately preceding
8 fiscal year and transfer that amount from the fund account
9 to the public employees' retirement system account-in-the
10 agency pension trust fund."

11 Section 8. Section 19-6-401, MCA, is amended to read:
12 "19-6-401. Payments into retirement account fund. All
13 appropriations made by the state, all contributions by
14 members of the Montana highway patrol in the amount
15 hereinafter specified, and all interest on and increase of
16 the investments and moneys under this account shall be paid
17 to the state treasurer, who shall credit the payments to the
18 Montana highway patrolmen's retirement account-in-the-agency
19 pension trust fund."

20 Section 9. Section 19-7-101, MCA, is amended to read:

21 "19-7-101. Definitions. Unless the context requires
22 otherwise, the following definitions apply in this chapter:

23 (1) "Account" means the Montana sheriffs' retirement
24 account pension trust fund administered by the sheriffs'
25 retirement board.

1 (2) "Accumulated contributions" or "accumulated
2 deductions" means the total amount deducted from the salary
3 of a member during a period of membership service plus the
4 total amount deducted during a period of prior service and
5 transferred from the public employees' retirement system
6 standing to the member's credit in the account, together
7 with the accrued interest.

8 (3) "Actuarial equivalent" means a benefit of equal
9 value when computed upon the basis of the actuarial tables
10 in use by the system.

11 (4) "Beneficiary" means a person who is nominated by
12 the member in an acknowledged document which is filed with
13 the board.

14 (5) "Board" means the sheriffs' retirement board. The
15 board shall consist of five persons who shall be the same
16 persons that comprise the public employees' retirement
17 board.

18 (6) "Creditable service" means the aggregate of all of
19 a member's current and prior service.

20 (7) "Final salary" means the average annual salary
21 received by a member, before any deductions are made and
22 exclusive of maintenance, allowances, and expenses, for any
23 3 years of continuous service from which contributions were
24 deducted or, in the event that a member has not served 3
25 years, the total salary earned divided by the number of

1 years served. Lump-sum payments for sick leave and annual
2 leave paid to an employee upon termination of employment may
3 be used in the calculation of a retirement allowance only to
4 the extent that they are used to replace, on a month for
5 month basis, the normal compensation for a month or months
6 included in the calculation of the final salary. A lump-sum
7 payment may not be added to a single month's compensation.

8 (8) "Member" means any person who has accumulated
9 deductions in the account to his credit.

10 (9) "Member's annuity" means payments for life derived
11 from contributions made by the member while employed.

12 (10) "Membership service" means service for which an
13 amount is deducted from the salary of a member and paid into
14 the account.

15 (11) "Prior service" means service for which credit was
16 granted by the public employees' retirement system of the
17 state of Montana.

18 (12) "Retired sheriff" means a person receiving a
19 retirement allowance under this chapter.

20 (13) "Retirement allowance" means the state annuity
21 plus the member's annuity.

22 (14) "Service" means employment as a sheriff.

23 (15) "Sheriff" means any elected or appointed county
24 sheriff, undersheriff, or regularly appointed and acting
25 deputy sheriff.

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(16) "State annuity" means payments for life derived from county contributions into the sheriffs' retirement account, together with any supplemental legislative appropriations to the account.

(17) "Vested retirement" means a retirement not for cause and before retirement age."

Section 10. Section 19-7-202, MCA, is amended to read:

"19-7-202. Expenses of administration. (1) The expense of the administration of this chapter, exclusive of the payment of retirement allowances and other benefits, may be paid from the fund account."

(2) Before July 15 of each year, the board may compute the administrative costs for the immediately preceding fiscal year and transfer that amount from the fund account to the public employees' retirement system ~~account-in-the~~ agency pension trust fund."

Section 11. Section 19-8-101, MCA, is amended to read:

"19-8-101. Definitions. Unless the context requires otherwise, the following definitions apply in this chapter:

(1) "Account" means the Montana state game wardens' retirement ~~account-in-the-agency pension trust~~ fund.

(2) "Accumulated deductions" or "accumulated contributions" means the sum of all contributions standing to the credit of a member's individual account together with the regular interest thereon.

(3) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of the actuarial tables in use by the system.

(4) "Beneficiary" means a person nominated to receive benefits under this chapter by a member's written designation, duly acknowledged and filed with the board.

(5) "Board" means the public employees' retirement board.

(6) "Contributor" means any person who has accumulated deductions in the account standing to his credit.

(7) "Final salary" means the average annual compensation received by a contributor, before any deductions have been made and exclusive of maintenance allowances, and expenses, for any 3 years of continuous service upon which contributions have been made or, in the event a member has not served 3 years, the total retirement compensation earned divided by the number of years served. Lump-sum payments for sick leave and annual leave paid to an employee upon termination of employment may be used in the calculation of a retirement allowance only to the extent that they are used to replace, on a month for month basis, the normal compensation for a month or months included in the calculation of the final salary. A lump-sum payment may not be added to a single month's compensation.

(8) "Member's annuity" means payments for life derived

from contributions made by the contributor.

(9) "Retired state game warden" means any person in receipt of a retirement allowance under this chapter.

(10) "Retirement allowance" means the state annuity plus the member's annuity.

(11) "State annuity" means payments for life derived from contributions made by the state from department of fish, wildlife, and parks moneys.

(12) "State game warden" means all state fish and game wardens hired by the department of fish, wildlife, and parks and includes all warden supervisory personnel whose salaries or compensation is paid out of the department of fish, wildlife, and parks moneys."

Section 12. Section 19-8-203, MCA, is amended to read:

"19-8-203. Expenses of administration. (1) The expense of the administration of this chapter, exclusive of the payment of retirement allowances and other benefits, may be paid from the fund account.

(2) Before July 15 of each year, the board may compute the administrative costs for the immediately preceding fiscal year and transfer that amount from the fund account to the public employees' retirement system ~~account--in--the~~ agency pension trust fund.

(3) In addition to the amount provided in subsection (2), the board may assess and the department of

administration may collect a fee from the department of fish, wildlife, and parks for the purpose of defraying the expenses of administering this chapter."

Section 13. Section 19-8-401, MCA, is amended to read:

"19-8-401. Creation of state game wardens' retirement ~~account fund~~. There is a state game wardens' retirement ~~account--in--the--agency pension trust fund~~ and all moneys received under the provisions of this chapter shall be credited to that account."

Section 14. Section 19-8-402, MCA, is amended to read:

"19-8-402. Transfer of dormant accounts. The board may, in its discretion, transfer the accumulated deductions of a member to the employer's account in the Montana state game wardens' retirement ~~account--in--the--agency pension trust fund~~ if the member's account has been dormant for a period of 10 years, provided that no right of the member shall be jeopardized by such transfer. The accumulated deductions shall be transferred to the member's name upon subsequent reentry to membership."

Section 15. Section 19-9-104, MCA, is amended to read:

"19-9-104. Definitions. Unless the context requires otherwise, the following definitions apply in this chapter:

(1) "Administrator" means the public employees' retirement division of the department of administration.

(2) "Base salary" means the sum of the monthly

1 compensations for each month in a given calendar year.

2 (3) "Board" means the retirement board described in
3 2-15-1009.

4 (4) "Credited service" means the aggregate of a
5 member's prior service and membership service.

6 (5) "Employer" means any city which participated in a
7 prior plan or which elects to join this plan under 19-9-107.

8 (6) "Employer annuity" means monthly payments for life
9 derived from employer and state contributions.

10 (7) "Final average salary" means the monthly
11 compensation of a member, averaged over the last 36 months
12 of his active service or, in the event he has not been a
13 member that long, over the period of his membership.

14 (8) "Fund" means the ~~agency-account pension trust fund~~
15 in the treasury system designated for the use of the plan.

16 (9) "Mandatory retirement date" means the first day of
17 the month coinciding with or immediately following, if none
18 coincides, the date on which a member attains age 65.

19 (10) "Member" means a person who is employed by an
20 employer as a police officer or who is entitled to a
21 retirement allowance by virtue of his service to an employer
22 as a police officer.

23 (11) "Member contributions" means the total of the
24 deductions from the compensation of a member, either made
25 during a period of active membership hereunder or made under

1 a prior plan and transferred to this plan, standing to his
2 credit, together with the interest thereon.

3 (12) "Member's annuity" means monthly payments for life
4 derived from member contributions.

5 (13) "Membership service" means a period of employment
6 with an employer occurring after June 30, 1977, during which
7 the withholdings required by this chapter have been made
8 from a member's monthly compensation and credited to his
9 member contributions account. Pro rata credit shall be
10 granted for employment on a part-time basis or for
11 employment over a period of less than a complete fiscal
12 year.

13 (14) "Minimum retirement date" or "normal retirement
14 date" means the first day of the month coinciding with or
15 immediately following, if none coincides, the date on which
16 a member becomes both age 50 or older and completes 20 or
17 more years of credited service.

18 (15) "Monthly compensation" means the wage, excluding
19 overtime, holiday payments, shift differential payments,
20 compensation time payments, and payments in lieu of sick
21 leave and annual leave, a member receives as an active
22 police officer.

23 (16) Any reference to "municipality", "city", or "town"
24 includes those jurisdictions which, prior to the effective
25 date of a county-municipal consolidation, were incorporated

municipalities, subsequent districts created for urban law enforcement services, or the entire county included in the county-municipal consolidation.

(17) "Plan" means the municipal police officers' retirement system created by this chapter.

(18) "Police officer" means a law enforcement officer employed by an employer.

(19) "Prior plan" means the local police reserve or retirement fund of a city which elects to join the plan under 19-9-107 or the statewide police reserve fund administered by the department of administration in accordance with Chapter 335, Laws of 1974.

(20) "Prior service" means a period of employment as a police officer for which credit was granted to a member under a prior plan and has been transferred to this plan.

(21) "Retirement allowance" means the employer annuity plus the member's annuity.

(22) "Retirement date" means the date on which the first payment of the retirement, disability, or survivor benefits of a member or a beneficiary is payable.

(23) "Totally and permanently disabled" means that the board, upon certification by a licensed and practicing physician, has determined that a member's disability is of such a nature as to permanently impair his ability to discharge his normal duties as a police officer."

Section 16. Section 19-9-203, MCA, is amended to read:

"19-9-203. Administrative expenses. (1) The expense of administration of this chapter, exclusive of amounts required to be paid as benefits to or on behalf of a member, may be paid from the fund.

(2) Before July 15 of each year, the board may compute the administrative costs for the immediately preceding fiscal year and transfer that amount from the fund to the public employees' retirement system ~~account-in-the-agency~~ pension trust fund."

Section 17. Section 19-9-501, MCA, is amended to read:

"19-9-501. Retirement account. On July 1, 1977, there will be an ~~account-in-the-agency~~ a pension trust fund to be maintained on behalf of the plan. The state treasurer is the custodian of the ~~account fund~~ subject to the exclusive administrative control of the board."

Section 18. Section 19-9-706, MCA, is amended to read:

"19-9-706. Contributions based on disability compensation. (1) When an officer receives compensation under 7-32-4132, the member contributions for retirement required under 19-9-601 will be paid on the total compensation received under 7-32-4132 and the employer contribution paid by the municipalities under 19-9-703 and the state contribution under 19-9-702 shall include as part of the salaries paid to police officers all compensation

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received under 7-32-4132. The service represented by these contributions will be credited in the same manner as provided in 19-9-401.

(2) When an injured officer accepts a transfer under 7-32-4136 to a nonpolice position within the municipality covered under 19-3-401, all service and contributions previously credited with the municipal police officers' retirement system shall be transferred from the municipal police officers' retirement system ~~retirement account in the agency pension trust~~ fund along with the interest to the public employees' retirement system agency pension trust fund. The employer contributions and interest transferred will be equal to the amount that would have been contributed had the transferred service been normal employment covered under the public employees' retirement system."

Section 19. Section 19-12-102, MCA, is amended to read:

"19-12-102. Definitions. Unless the context requires otherwise, the following definitions apply in this chapter:

(1) "Board" means the public employees' retirement board of the public employees' retirement system.

(2) "Division" means the division of workers' compensation of the department of labor and industry.

(3) "Fire company" means a fire company organized in an unincorporated area, town, or village under the laws of

the state of Montana.

(4) The fiscal year begins on July 1 and ends on June 30 of each year.

(5) "Fund" or "volunteer firefighters' fund" means the volunteer firefighters' ~~compensation account in the agency~~ pension trust fund."

Section 20. Section 19-12-407, MCA, is amended to read:

"19-12-407. Payment of pension benefits. All payments under the volunteer firefighters' pension plan must be approved by the public employees' retirement system and paid by warrants drawn upon the agency pension trust fund, payable to the order of the individual qualified volunteer firefighter or the beneficiary as provided in 19-12-405(1)."

Section 21. Section 19-13-104, MCA, is amended to read:

"19-13-104. Definitions. Unless the context requires otherwise, the following definitions apply in this chapter:

(1) "Administrator" means the public employees' retirement division of the department of administration.

(2) "Board" means the retirement board described in 2-15-1009.

(3) "Credited service" means the aggregate of a member's prior service and membership service.

(4) "Dependent child" means a child of a deceased

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member who is:

(a) unmarried and under age 13; or

(b) unmarried, under age 24, and attending an accredited postsecondary educational institution as a full-time student in anticipation of receiving a certificate or degree.

(5) "Employer" means any city that is of the first or second class or that elects to join this plan under 19-13-108.

(6) "Final average salary" means the monthly compensation of a member hired on or after July 1, 1981, averaged over the last 36 months of his active service or, if he has not been a member that long, over the period of his membership.

(7) "Firefighter" means a person employed as a full- or part-paid firefighter by an employer.

(8) "Full-paid firefighter" means a person appointed as a firefighter under 7-33-4206.

(9) "Fund" means the agency-account pension trust fund in the state treasury system designated for the use of the plan.

(10) "Member" means a person who is employed by an employer as a full- or part-paid firefighter or who is entitled to a retirement allowance by virtue of his service to an employer as a firefighter.

(11) "Member contributions" means the total of the deductions from a member's compensation made during a period of active membership under this chapter or made under a prior plan and transferred to this plan, standing to his credit, together with the interest thereon.

(12) "Membership service" means a period of employment with an employer occurring after July 1, 1981, during which the withholdings required by this chapter have been made from a member's monthly compensation and credited to his member contributions account. Pro rata credit shall be granted for employment on a part-time basis or for employment over a period of less than a complete fiscal year.

(13) "Minimum retirement date" means the first day of the month coinciding with or immediately following, if none coincides, the date on which a member becomes both age 50 or older and completes 10 or more years of credited service.

(14) "Monthly compensation" means:

(a) for a full-paid firefighter, the regular monthly compensation, excluding overtime, holiday payments, shift differential payments, compensatory time payments, and payments in lieu of sick leave, paid by an employer for his service as a firefighter;

(b) for a part-paid firefighter employed by a city of the second class, 15% of the average regular monthly

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1 compensation, excluding overtime, holiday payments, shift
2 differential payments, compensatory time payments, and
3 payments in lieu of sick leave, paid to all newly confirmed,
4 active firefighters employed by cities of the second class
5 on July 1 of each year.

6 (15) Any reference to "municipality", "city", or "town"
7 includes those jurisdictions which, prior to the effective
8 date of a county-municipal consolidation, were incorporated
9 municipalities, subsequent districts created for urban
10 firefighting services, or the entire county included in the
11 county-municipal consolidation.

12 (16) "Part-paid firefighter" means a person employed
13 under 7-33-4109 who receives compensation in excess of \$300
14 a year for his service as a firefighter.

15 (17) "Plan" means the municipal firefighters'
16 retirement system created by this chapter.

17 (18) "Prior plan" means the fire department relief
18 association plan of a city that elects to join the plan
19 under 19-13-108 or the fire department relief association
20 plan of a city of the first or second class.

21 (19) "Prior service" means a period of employment as a
22 firefighter for which credit was granted to a member under a
23 prior plan and has been transferred to this plan.

24 (20) "Retirement allowance" means the monthly benefit
25 payable after service or disability retirement.

1 (21) "Retirement date" means the date on which the
2 first payment of the retirement or disability benefits of a
3 member or a beneficiary is payable.

4 (22) "Totally and permanently disabled" means that the
5 board, upon certification by a licensed and practicing
6 physician, has determined that a member's disability is of
7 such a nature as to permanently impair his ability to
8 discharge his normal duties as a firefighter."

9 Section 22. Section 19-13-204, MCA, is amended to
10 read:

11 "19-13-204. Administrative expenses. (1) The expense
12 of administering this chapter, exclusive of the payment of
13 retirement allowances and other benefits, may be paid from
14 the fund.

15 (2) Before July 15 of each year, the board may compute
16 the administrative costs for the immediately preceding
17 fiscal year and transfer that amount from the fund to the
18 public employees' retirement system ~~account--in--the--agency~~
19 pension trust fund."

20 Section 23. Section 19-13-501, MCA, is amended to
21 read:

22 "19-13-501. Retirement account fund. Beginning July 1,
23 1981, ~~an account in the agency a pension trust~~ fund shall be
24 maintained on behalf of the plan. The state treasurer is the
25 custodian of the account fund subject to the exclusive

1 administrative control of the board."

2 NEW SECTION. Section 24. Code commissioner to make
3 changes. Whenever a reference to a treasury fund type, fund,
4 or account appears in any new material enacted by the 48th
5 legislature and approved by the governor, whether in new
6 sections or amended sections, the code commissioner, in
7 consultation with the department of administration and the
8 legislative fiscal analyst, shall change the reference in
9 that material as necessary to reflect the fund structure
10 provided for in 17-2-102. The code commissioner may make
11 other incidental changes to reflect the intent of this act
12 without changing the meaning.

13 NEW SECTION. Section 25. Effective date. This act is
14 effective July 1, 1983.

-End-

MINUTES OF MEETING
SENATE JUDICIARY COMMITTEE
March 14, 1983

The forty-second meeting of the Senate Judiciary Committee was called to order by Chairman Jean A. Turnage on March 14, 1983, at 10:03 a.m., Room 325, State Capitol.

ROLL CALL: All members were present.

CONSIDERATION OF HOUSE BILL 505: Representative Bardanouve stated that he would like to address House Bills 489, 530, 533, 505, 531 and 532 as a whole rather than individually. Representative Bardanouve stated that these bills are intended to reflect a change in terminology and to bring Montana's laws into conformity with GAAP. He informed the Committee that GAAP stood for Generally Accepted Accounting Practices. Representative Bardanouve then explained that in HB531, the retirement division account will, under the terms of the bill, be referred to as the pension trust fund. He explained that this trust fund is not a permanent trust fund. HB 532 amends the worker's compensation fund law to refer to the industrial insurance account as a special revenue fund. This is an expendable trust. HB 489 will refer to the earmark revenue funds as the state special revenue funds. Representative Bardanouve testified that with this new terminology we will have an up-dated, modern form of laws for fiscal control. He also informed the Committee that Montana is in the forefront as far as modernizing our laws.

Morris Brusett, Director of the Department of Administration, testified that Montana needs to go along with Generally Accepted Accounting Practices. He stated a special task force which had been formed was in total agreement with these principles.

There being no further proponents and no opponents, the hearing was opened to questions from the Committee.

Senator Galt inquired as to who was the Montana State Treasurer. Mr. Brusett responded that he was the ex officio state treasurer. Senator Turnage commented that these bills were an improvement and, hopefully, would not create any problems in the legislative process.

CONSIDERATION OF HOUSE BILL 179: Representative Bardanouve stated that HB179 is a bill to amend a law that he had introduced as a bill in 1963. This bill amends the Montana unclaimed property laws. Representative Bardanouve stated that the 1963 law regarding unclaimed property is responsible for placing \$3,703,000 in the State treasury. The interest collected on this money goes into the education trust fund to help our schools. Representative Bardanouve

testified that \$200,000 has been given back to the citizens of Montana under the 1963 law. This bill modernizes what the state can claim as unclaimed property and gives specific dates for publication of unclaimed property by the State. This bill also sets up a statute of limitations of ten years and includes penalties for persons who do not deliver unclaimed property to the state.

PROPOSERS: Mr. Jim Madison of the Miscellaneous Tax Division, Montana Department of Revenue, testified that he is in favor of HB179. He stated that civil penalties under the law are much better than criminal penalties.

OPPOSITION: Mr. Glenn Drake, representing various insurance companies stated it was his opinion the term "life" should be inserted on p.3, line 1, in front of the word "insurance". Representative Bardonoue stated that it was his intention to include the proceeds of all forms of insurance in the bill and that perhaps "life insurance" should be replaced throughout the bill with "assets".

There being no further proponents or opponents, the hearing was opened to questions from the Committee.

Senator Halligan inquired whether HB179 referred to all property or only to intangible property. Senator Turnage explained that the bill covered tangible and intangible property.

Representative Bardonoue explained about Post Office Savings accounts established in the 1930's and stated there may be a lot of money still in these accounts. Senator Berg then asked whether this bill would affect the federal government and was told by Representative Bardonoue that HB179 would only affect state governments.

ACTION ON HOUSE BILL 660: Proposed amendments were submitted by Senator Turnage and by Ann MacIntyre of the Human Rights Commission. Since these amendments were substantially the same, Ann MacIntyre's amendments were voted on with one change. Senator Turnage questioned the use of "may" in line 25, page 1. Senator Mazurek made a motion to pass the amendments as proposed by Ann MacIntyre with the Committee's addition. The motion carried unanimously. Senator Mazurek then moved that the bill BE CONCURRED IN AS AMENDED. The motion carried unanimously.

ACTION ON HOUSE BILLS 489, 530, 533, 505, 531 and 532: Senator Shaw made a blanket motion that House Bills 489, 530, 533, 505, 531,

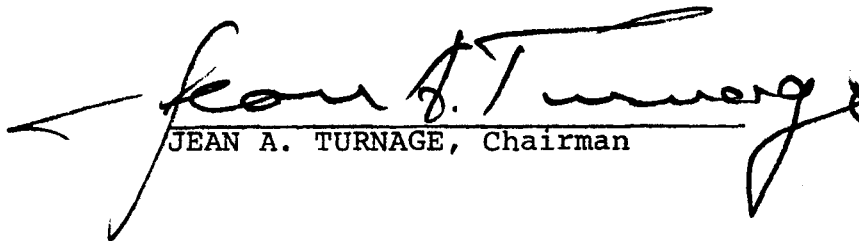
Senate Judiciary Committee
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and 532 BE CONCURRED IN. His motion carried unanimously.

ACTION ON HOUSE BILL 179: Senator Hazelbaker made a motion to strike the word "life" from the bill wherever it appears in front of the word "insurance". The motion carried with Senator Crippen voting in opposition. Senator Hazelbaker then made a motion that HB179 BE CONCURRED IN AS AMENDED. The motion carried with Senator Crippen voting in opposition.

FURTHER CONSIDERATION OF HOUSE BILL 825: Mr. Ward A. Shanahan, representing Northern Tier Pipeline, testified that he was concerned with the amendments made to HB825 on March 12. Mr. Shanahan stated that if the Committee strikes lines 2-6 on page 5 of the bill, the time frame becomes 1 to 1 1/2 years as litigation then falls under the Montana Rules of Civil Procedure. Since HB825 was already out of Committee, Mr. Shanahan was informed that the bill would have to be amended on the floor.

There being no further business to come before the Committee, the meeting was adjourned at 11:25 a.m.


JEAN A. TURNAGE, Chairman

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ROLL CALL

JUDICIARY COMMITTEE

48th LEGISLATIVE SESSION - - 1983

Date 3-14-83

NAME	PRESENT	ABSENT	EXCUSED
<u>Berg, Harry K. (D)</u>	✓		
<u>Brown, Bob (R)</u>	✓		
<u>Crippen, Bruce D. (R)</u>	✓		
<u>Daniels, M. K. (D)</u>	✓		
<u>Galt, Jack E. (R)</u>	✓		
<u>Halligan, Mike (D)</u>	✓		
<u>Hazelbaker, Frank W. (R)</u>	✓		
<u>Mazurek, Joseph P. (D)</u>	✓		
<u>Shaw, James N. (R)</u>	✓		
<u>Turnage, Jean A. (R)</u>	✓		

STANDING COMMITTEE REPORT

March 14, 1983

MR. President

We, your committee on Senate Judiciary

having had under consideration House Bill No. 531

Respectfully report as follows: That House Bill No. 531

DO PASS

BE CONCURRED IN

STATE PUB. CO.
Helena, Mont.

Jean A. Turnage

Chairman.

J.C.
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HOUSE BILL NO. 531

INTRODUCED BY BARDANOUVE

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE LANGUAGE IN CODE SECTIONS DEALING WITH THE RETIREMENT SYSTEMS IN ORDER THAT REFERENCES TO THE TREASURY FUND STRUCTURE CONFORM TO CHAPTER 28, LAWS OF 1981, AS REQUIRED BY CHAPTER 28, SECTION 5, LAWS OF 1981; AMENDING SECTIONS 19-1-202, 19-3-104, 19-4-501, 19-5-101, 19-5-202, 19-6-101, 19-6-203, 19-6-401, 19-7-101, 19-7-202, 19-8-101, 19-8-203, 19-8-401, 19-8-405, 19-9-104, 19-9-203, 19-9-501, 19-9-706, 19-12-102, 19-12-407, 19-13-104, 19-13-204, AND 19-13-501, MCA; INSTRUCTING THE CODE COMMISSIONER TO MAKE THE NECESSARY CHANGES; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 19-1-202, MCA, is amended to read:

"19-1-202. Costs of administration. All costs allocable to the administration of this chapter shall be charged to the ~~earmarked-revenue-fund~~ retirement division ~~account pension-trust-fund~~. So much of the costs as are not defrayed by interest and income earned upon the contribution account, which has been credited to the ~~earmarked--revenue fund~~ retirement division ~~account pension-trust-fund~~, as

provided in 19-1-602, shall be paid to the state agency for deposit to the ~~earmarked-revenue-fund~~ retirement division ~~account pension-trust-fund~~ by each department of the state and by the participating divisions, instrumentalities, and political subdivisions of the state pro rata according to their respective contributions."

Section 2. Section 19-3-104, MCA, is amended to read:

"19-3-104. Definitions. Unless the context requires otherwise, in this chapter the following definitions apply:

(1) "Accumulated contributions" means the sum of all the contributions standing to the credit of a member's individual account, together with the regular interest thereon.

(2) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of the actuarial tables in use by the system.

(3) "Actuary" means the actuary retained by the board in accordance with 19-3-305.

(4) "Additional contributions" means contributions by members under the provisions of 19-3-702.

(5) "Annuity" means payments for life derived from contributions made by a member as provided in this chapter.

(6) "Beneficiary" means the person so designated pursuant to part 13 of this chapter.

(7) "Benefit" means the retirement allowance,

1 survivorship allowance, death benefit, or refund of
2 accumulated contributions provided by this chapter.

3 (8) "Board" means the public employees' retirement
4 board provided for in 2-15-1009.

5 (9) "Compensation" means remuneration paid out of
6 funds controlled by an employer. The compensation of each
7 member of the legislature of Montana for any year shall be
8 considered to be that portion of the product of the daily
9 compensation for such position multiplied by 360 upon which
10 such member elects to pay normal contributions during the
11 year.

12 (10) "Contracting employer" means any political
13 subdivision or governmental entity which has contracted to
14 come into the system.

15 (11) "Creditable service" means the aggregate of
16 membership service and prior service.

17 (12) "Disability" and "incapacity for performance of
18 duty", referred to herein as a basis of retirement, mean
19 disability of permanent duration or disability of extended
20 and uncertain duration, as determined by the board on the
21 basis of competent medical opinion.

22 (13) "Employee" means any person who is employed by an
23 employer in any capacity whatever and whose salary is paid
24 either by warrant of the employer or from the fees or income
25 of any department or agency of the employer. "Employee"

1 means further any person considered such pursuant to
2 19-3-402.

3 (14) "Employer" means the state of Montana, its
4 university system or any of the colleges, schools,
5 components, or units thereof for the purposes of this
6 chapter, or any political subdivision or governmental entity
7 which has contracted to come into the system.

8 (15) "Employer contributions" means payments to the
9 retirement fund from appropriations of the state of Montana
10 pursuant to 19-3-801 and from contracting employers pursuant
11 to the contracts between them and the board.

12 (16) "Final compensation" means a member's highest
13 average annual compensation during any 3 consecutive years
14 of membership service. Lump-sum payments for sick leave and
15 annual leave paid to the employee upon termination of
16 employment may be used in the calculation of a retirement
17 allowance only to the extent that they are used to replace,
18 on a month for month basis, the normal compensation for a
19 month or months included in the calculation of the final
20 salary. A lump-sum payment may not be added to a single
21 month's compensation.

22 (17) "Fiscal year" means any year commencing with July
23 1 and ending June 30 next following.

24 (18) "Head of department" means the head of any
25 department, institution, or branch of the state service

1 which directly pays salaries out of its income or which
2 prepares, approves, and submits salary statements of its
3 employees to the department of administration, state
4 auditor, and state treasurer for payment.

5 (19) "Member" means any person included in the
6 membership of the retirement system set forth in 19-3-401
7 and not excluded in 19-3-402, 19-3-403, or 19-3-406.

8 (20) "Membership service" means service with respect to
9 which normal contributions and employer contributions are
10 paid. A member of the legislature of Montana shall be
11 credited with membership service for that portion of each
12 year for which he pays normal contributions pursuant to
13 subsection [(9)] of this section.

14 (21) "Normal contributions" means contributions
15 required from members under this chapter and any optional
16 contributions made under the provisions of 19-3-502 and
17 19-3-704.

18 (22) "Pension" means payments for life derived from
19 contributions made from the state controlled funds or, in
20 the case of members from contracting employers, from the
21 funds of such contracting employers, as provided in this
22 chapter.

23 (23) "Prior service" means all service rendered as an
24 employee of the state before July 1, 1945, and all service
25 rendered as an employee of a contracting employer before

1 July 1, 1947. Prior service includes all service rendered
2 prior to July 1, 1945, as a member of the legislative
3 assembly or lieutenant governor of Montana.

4 (24) "Regular interest" means interest at the rate set
5 from time to time by the board.

6 (25) "Retirement" means withdrawal from active service
7 with a retirement allowance granted under the provisions of
8 this chapter.

9 (26) "Retirement allowance" means the periodic benefit
10 payable following service, early, or disability retirement.

11 (27) "Retirement fund" means the public employees'
12 retirement ~~account-in-the-agency system pension trust~~ fund.

13 (28) "Retirement system" means the public employees'
14 retirement system created by this chapter.

15 (29) "Service" means employment of an employee, except
16 as provided in 19-3-501 and 19-3-502.

17 (30) "Survivorship allowance" means payments for life
18 to the beneficiary of a deceased member as provided in part
19 12 of this chapter.

20 (31) "Written application" means a written instrument
21 duly executed and filed with the board and containing all
22 information required by the board, including such proofs of
23 age as the board considers necessary."

24 Section 3. Section 19-4-501, MCA, is amended to read:
25 "19-4-501. Financial administration of moneys. The

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1 members of the retirement board are the trustees of all
2 moneys collected for the retirement system, and as such
3 trustees, they shall provide for the financial
4 administration of the moneys in the following manner:

5 (1) The moneys shall be invested and reinvested by the
6 state board of investments.

7 (2) The retirement board annually shall establish the
8 rate of regular interest.

9 (3) The retirement board annually shall divide among
10 the several ~~funds~~ reserves of the retirement system an
11 amount equal to the average balance of the ~~funds~~ reserves
12 during the preceding fiscal year multiplied by the rate of
13 regular interest. In accordance with the provisions of
14 19-4-605(5), the amount to be credited to each ~~fund~~ reserve
15 shall be allocated from the interest and other earnings on
16 the moneys of the retirement system actually realized during
17 the preceding fiscal year, less the amount allocated to the
18 expense ~~fund account~~ under the provisions of 19-4-606.

19 (4) The state treasurer is the custodian of the
20 collected retirement system moneys and of the securities in
21 which the moneys are invested. All expenditures from the
22 moneys may be made only upon claims signed by two persons
23 designated by the retirement board. A properly attested copy
24 of a resolution of the retirement board designating such
25 persons and bearing on its face specimen signatures of each

1 person shall be filed with the department of administration
2 as its authority for approving such claims.

3 (>) All the ~~funds~~ reserves established by part 6 of
4 this chapter ~~except the expense fund~~ shall be accounts in
5 the ~~agency pension trust~~ fund type of the treasury fund
6 structure of the state. ~~The expense fund shall be an account~~
7 ~~in the earmarked revenue fund of the same treasury fund~~
8 ~~structure~~

9 Section 4. Section 19-5-101, MCA, is amended to read:

10 "19-5-101. Definitions. Unless a different meaning is
11 plainly implied by the context, the following definitions
12 apply in this chapter:

13 (1) "Accumulated deductions" means the total of the
14 amounts deducted from the salary of a contributor, paid into
15 the fund, and standing to his credit in the fund, together
16 with the regular interest thereon.

17 (2) "Actuarial equivalent" means a benefit of equal
18 value when computed upon the basis of the actuarial tables
19 in use by the system.

20 (3) "Beneficiary" means the person whom the
21 contributor nominates by written designation, duly
22 acknowledged and filed with the board.

23 (4) "Board" means the public employees' retirement
24 board.

25 (5) "Contributor" means any person who has accumulated

deductions in the fund standing to his credit.

(6) "Final salary" means the annual current salary for the office retired from.

(7) "Fund" means the Montana judges' retirement system ~~agency-account~~ pension_trust_fund.

(8) "Involuntary retirement" means a retirement not for cause and before retirement age.

(9) "Member's annuity" means payments for life derived from contributions made by the contributor.

(10) "Penalty retirement age" means 70 years of age.

(11) "Retired judge" means any judge or justice in receipt of a retirement allowance under this chapter.

(12) "Retirement allowance" means the state annuity plus the member's annuity.

(13) "State annuity" means payments for life derived from contributions made by the state of Montana."

Section 5. Section 19-5-202, MCA, is amended to read:

"19-5-202. Administrative expenses. (1) The expense of the administration of this chapter, exclusive of the payment of retirement allowances and other benefits, may be paid from the fund.

(2) Before July 15 of each year, the board may compute the administrative costs for the immediately preceding fiscal year and transfer that amount from the fund to the public employees' retirement system ~~account--in--the--agency~~

pension_trust_fund."

Section 6. Section 19-6-101, MCA, is amended to read:

"19-6-101. Definitions. Unless the context requires otherwise, the following definitions apply in this chapter:

(1) "Account" means the Montana highway patrolmen's retirement ~~account--in--the--agency~~ pension_trust_fund.

(2) "Accumulated deductions" means the total of the amounts deducted from the salary of a member, paid into the account, and standing to his credit in the account, together with the regular interest thereon.

(3) "Actuarial equivalent" means a benefit of equal value when computed on the basis of the actuarial tables in use by the system.

(4) "Beneficiary" means a person nominated to receive benefits under this chapter by a member's written designation, duly acknowledged and filed with the department.

(5) "Board" means the public employees' retirement board provided for in 2-15-1009.

(6) "Compulsory retirement age" means 60 years of age.

(7) "Department" means the public employees' retirement division of the department of administration.

(8) "Final salary" means the average annual compensation received by a member, before any deductions have been made and exclusive of maintenance, allowances, and

expenses, for any 3 years of continuous service upon which contributions have been made or, in the event a member has not served 3 years, the total compensation earned divided by the number of years served. Lump-sum payments for sick leave and annual leave paid to an employee upon termination of employment may be used in the calculation of a retirement allowance only to the extent that they are used to replace, on a month for month basis, the normal compensation for a month or months included in the calculation of the final salary. A lump-sum payment may not be added to a single month's compensation.

(9) "Member" means a person who has accumulated deductions in the account standing to his credit.

(10) "Member's annuity" means payments for life derived from contributions made by the member.

(11) "Retired patrolman" means a person in receipt of a retirement allowance under this chapter.

(12) "Retirement age" means the age at which a member retires after 25 years of creditable service with the Montana highway patrol or 60 years of age, whichever occurs first.

(13) "Retirement allowance" means the state annuity plus the member's annuity.

(14) "State annuity" means payments for life derived from contributions made by the state of Montana."

Section 7. Section 19-6-203, MCA, is amended to read:
"19-6-203. Administrative expenses. (1) The expense of the administration of this chapter, exclusive of the payment of retirement allowances and other benefits, may be paid from the fund account."

(2) Before July 15 of each year, the board may compute the administrative costs for the immediately preceding fiscal year and transfer that amount from the fund account to the public employees' retirement system account--in--the agency pension trust fund."

Section 8. Section 19-6-401, MCA, is amended to read:
"19-6-401. Payments into retirement account fund. All appropriations made by the state, all contributions by members of the Montana highway patrol, in the amount hereinafter specified, and all interest on and increase of the investments and moneys under this account shall be paid to the state treasurer, who shall credit the payments to the Montana highway patrolmen's retirement account--in--the--agency pension trust fund."

Section 9. Section 19-7-101, MCA, is amended to read:
"19-7-101. Definitions. Unless the context requires otherwise, the following definitions apply in this chapter:
(1) "Account" means the Montana sheriffs' retirement account pension trust fund administered by the sheriffs' retirement board."

1 (2) "Accumulated contributions" or "accumulated
2 deductions" means the total amount deducted from the salary
3 of a member during a period of membership service plus the
4 total amount deducted during a period of prior service and
5 transferred from the public employees' retirement system
6 standing to the member's credit in the account, together
7 with the accrued interest.

8 (3) "Actuarial equivalent" means a benefit of equal
9 value when computed upon the basis of the actuarial tables
10 in use by the system.

11 (4) "Beneficiary" means a person who is nominated by
12 the member in an acknowledged document which is filed with
13 the board.

14 (5) "Board" means the sheriffs' retirement board. The
15 board shall consist of five persons who shall be the same
16 persons that comprise the public employees' retirement
17 board.

18 (6) "Creditable service" means the aggregate of all of
19 a member's current and prior service.

20 (7) "Final salary" means the average annual salary
21 received by a member, before any deductions are made and
22 exclusive of maintenance, allowances, and expenses, for any
23 3 years of continuous service from which contributions were
24 deducted or, in the event that a member has not served 3
25 years, the total salary earned divided by the number of

1 years served. Lump-sum payments for sick leave and annual
2 leave paid to an employee upon termination of employment may
3 be used in the calculation of a retirement allowance only to
4 the extent that they are used to replace, on a month for
5 month basis, the normal compensation for a month or months
6 included in the calculation of the final salary. A lump-sum
7 payment may not be added to a single month's compensation.

8 (8) "Member" means any person who has accumulated
9 deductions in the account to his credit.

10 (9) "Member's annuity" means payments for life derived
11 from contributions made by the member while employed.

12 (10) "Membership service" means service for which an
13 amount is deducted from the salary of a member and paid into
14 the account.

15 (11) "Prior service" means service for which credit was
16 granted by the public employees' retirement system of the
17 state of Montana.

18 (12) "Retired sheriff" means a person receiving a
19 retirement allowance under this chapter.

20 (13) "Retirement allowance" means the state annuity
21 plus the member's annuity.

22 (14) "Service" means employment as a sheriff.

23 (15) "Sheriff" means any elected or appointed county
24 sheriff, undersheriff, or regularly appointed and acting
25 deputy sheriff.

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(16) "State annuity" means payments for life derived from county contributions into the sheriffs' retirement account, together with any supplemental legislative appropriations to the account.

(17) "Vested retirement" means a retirement not for cause and before retirement age."

Section 10. Section 19-7-202, MCA, is amended to read:

"19-7-202. Expenses of administration. (1) The expense of the administration of this chapter, exclusive of the payment of retirement allowances and other benefits, may be paid from the fund account.

(2) Before July 15 of each year, the board may compute the administrative costs for the immediately preceding fiscal year and transfer that amount from the fund account to the public employees' retirement system account-in-the agency pension trust fund."

Section 11. Section 19-8-101, MCA, is amended to read:

"19-8-101. Definitions. Unless the context requires otherwise, the following definitions apply in this chapter:

(1) "Account" means the Montana state game wardens' retirement account-in-the-agency pension trust fund.

(2) "Accumulated deductions" or "accumulated contributions" means the sum of all contributions standing to the credit of a member's individual account together with the regular interest thereon.

(3) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of the actuarial tables in use by the system.

(4) "Beneficiary" means a person nominated to receive benefits under this chapter by a member's written designation, duly acknowledged and filed with the board.

(5) "Board" means the public employees' retirement board.

(6) "Contributor" means any person who has accumulated deductions in the account standing to his credit.

(7) "Final salary" means the average annual compensation received by a contributor, before any deductions have been made and exclusive of maintenance, allowances, and expenses, for any 3 years of continuous service upon which contributions have been made or, in the event a member has not served 3 years, the total retirement compensation earned divided by the number of years served. Lump-sum payments for sick leave and annual leave paid to an employee upon termination of employment may be used in the calculation of a retirement allowance only to the extent that they are used to replace, on a month for month basis, the normal compensation for a month or months included in the calculation of the final salary. A lump-sum payment may not be added to a single month's compensation.

(3) "Member's annuity" means payments for life derived

1 from contributions made by the contributor.

2 (9) "Retired state game warden" means any person in
3 receipt of a retirement allowance under this chapter.

4 (10) "Retirement allowance" means the state annuity
5 plus the member's annuity.

6 (11) "State annuity" means payments for life derived
7 from contributions made by the state from department of
8 fish, wildlife, and parks moneys.

9 (12) "State game warden" means all state fish and game
10 wardens hired by the department of fish, wildlife, and parks
11 and includes all warden supervisory personnel whose salaries
12 or compensation is paid out of the department of fish,
13 wildlife, and parks moneys."

14 Section 12. Section 19-8-203, MCA, is amended to read:

15 "19-8-203. Expenses of administration. (1) The expense
16 of the administration of this chapter, exclusive of the
17 payment of retirement allowances and other benefits, may be
18 paid from the fund account.

19 (2) Before July 15 of each year, the board may compute
20 the administrative costs for the immediately preceding
21 fiscal year and transfer that amount from the fund account
22 to the public employees' retirement system account--in--the
23 agency pension-trust fund.

24 (3) In addition to the amount provided in subsection
25 (2), the board may assess and the department of

1 administration may collect a fee from the department of
2 fish, wildlife, and parks for the purpose of defraying the
3 expenses of administering this chapter."

4 Section 13. Section 19-8-401, MCA, is amended to read:

5 "19-8-401. Creation of state game wardens' retirement
6 account fund. There is a state game wardens' retirement
7 account--in--the--agency pension-trust fund, and all moneys
8 received under the provisions of this chapter shall be
9 credited to that account."

10 Section 14. Section 19-8-405, MCA, is amended to read:

11 "19-8-405. Transfer of dormant accounts. The board
12 may, in its discretion, transfer the accumulated deductions
13 of a member to the employer's account in the Montana state
14 game wardens' retirement account--in--the--agency pension-trust
15 fund if the member's account has been dormant for a period
16 of 10 years, provided that no right of the member shall be
17 jeopardized by such transfer. The accumulated deductions
18 shall be transferred to the member's name upon subsequent
19 reentry to membership."

20 Section 15. Section 19-9-104, MCA, is amended to read:

21 "19-9-104. Definitions. Unless the context requires
22 otherwise, the following definitions apply in this chapter:

23 (1) "Administrator" means the public employees'
24 retirement division of the department of administration.

25 (2) "Base salary" means the sum of the monthly

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1 compensations for each month in a given calendar year.

2 (3) "Board" means the retirement board described in
3 2-15-1009.

4 (4) "Credited service" means the aggregate of a
5 member's prior service and membership service.

6 (5) "Employer" means any city which participated in a
7 prior plan or which elects to join this plan under 19-9-107.

8 (6) "Employer annuity" means monthly payments for life
9 derived from employer and state contributions.

10 (7) "Final average salary" means the monthly
11 compensation of a member, averaged over the last 36 months
12 of his active service or, in the event he has not been a
13 member that long, over the period of his membership.

14 (8) "Fund" means the ~~agency-account pension trust fund~~
15 in the treasury system designated for the use of the plan.

16 (9) "Mandatory retirement date" means the first day of
17 the month coinciding with or immediately following, if none
18 coincides, the date on which a member attains age 65.

19 (10) "Member" means a person who is employed by an
20 employer as a police officer or who is entitled to a
21 retirement allowance by virtue of his service to an employer
22 as a police officer.

23 (11) "Member contributions" means the total of the
24 deductions from the compensation of a member, either made
25 during a period of active membership hereunder or made under

1 a prior plan and transferred to this plan, standing to his
2 credit, together with the interest thereon.

3 (12) "Member's annuity" means monthly payments for life
4 derived from member contributions.

5 (13) "Membership service" means a period of employment
6 with an employer occurring after June 30, 1977, during which
7 the withholdings required by this chapter have been made
8 from a member's monthly compensation and credited to his
9 member contributions account. Pro rata credit shall be
10 granted for employment on a part-time basis or for
11 employment over a period of less than a complete fiscal
12 year.

13 (14) "Minimum retirement date" or "normal retirement
14 date" means the first day of the month coinciding with or
15 immediately following, if none coincides, the date on which
16 a member becomes both age 50 or older and completes 20 or
17 more years of credited service.

18 (15) "Monthly compensation" means the wage, excluding
19 overtime, holiday payments, shift differential payments,
20 compensation time payments, and payments in lieu of sick
21 leave and annual leave, a member receives as an active
22 police officer.

23 (16) Any reference to "municipality", "city", or "town"
24 includes those jurisdictions which, prior to the effective
25 date of a county-municipal consolidation, were incorporated

1 municipalities, subsequent districts created for urban law
2 enforcement services, or the entire county included in the
3 county-municipal consolidation.

4 (17) "Plan" means the municipal police officers'
5 retirement system created by this chapter.

6 (18) "Police officer" means a law enforcement officer
7 employed by an employer.

8 (19) "Prior plan" means the local police reserve or
9 retirement fund of a city which elects to join the plan
10 under 19-9-107 or the statewide police reserve fund
11 administered by the department of administration in
12 accordance with Chapter 335, Laws of 1974.

13 (20) "Prior service" means a period of employment as a
14 police officer for which credit was granted to a member
15 under a prior plan and has been transferred to this plan.

16 (21) "Retirement allowance" means the employer annuity
17 plus the member's annuity.

18 (22) "Retirement date" means the date on which the
19 first payment of the retirement, disability, or survivor
20 benefits of a member or a beneficiary is payable.

21 (23) "Totally and permanently disabled" means that the
22 board, upon certification by a licensed and practicing
23 physician, has determined that a member's disability is of
24 such a nature as to permanently impair his ability to
25 discharge his normal duties as a police officer."

1 Section 16. Section 19-9-203, MCA, is amended to read:

2 "19-9-203. Administrative expenses. (1) The expense of
3 administration of this chapter, exclusive of amounts
4 required to be paid as benefits to or on behalf of a member,
5 may be paid from the fund.

6 (2) Before July 15 of each year, the board may compute
7 the administrative costs for the immediately preceding
8 fiscal year and transfer that amount from the fund to the
9 public employees' retirement system ~~account-in-the-agency~~
10 ~~pension-trust~~ fund."

11 Section 17. Section 19-9-501, MCA, is amended to read:

12 "19-9-501. Retirement account. On July 1, 1977, there
13 will be ~~an-account-in-the-agency a pension-trust~~ fund to be
14 maintained on behalf of the plan. The state treasurer is the
15 custodian of the ~~account fund~~ subject to the exclusive
16 administrative control of the board."

17 Section 18. Section 19-9-706, MCA, is amended to read:

18 "19-9-706. Contributions based on disability
19 compensation. (1) When an officer receives compensation
20 under 7-32-4132, the member contributions for retirement
21 required under 19-9-601 will be paid on the total
22 compensation received under 7-32-4132 and the employer
23 contribution paid by the municipalities under 19-9-703 and
24 the state contribution under 19-9-702 shall include as part
25 of the salaries paid to police officers all compensation

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1 received under 7-32-4132. The service represented by these
2 contributions will be credited in the same manner as
3 provided in 19-9-401.

4 (2) When an injured officer accepts a transfer under
5 7-32-4136 to a nonpolice position within the municipality
6 covered under 19-3-401, all service and contributions
7 previously credited with the municipal police officers'
8 retirement system shall be transferred from the municipal
9 police officers' retirement system ~~retirement-account-in-the~~
10 ~~agency pension-trust~~ fund along with the interest to the
11 public employees' retirement system ~~agency pension-trust~~
12 fund. The employer contributions and interest transferred
13 will be equal to the amount that would have been contributed
14 had the transferred service been normal employment covered
15 under the public employees' retirement system."

16 Section 19. Section 19-12-102, MCA, is amended to
17 read:

18 "19-12-102. Definitions. Unless the context requires
19 otherwise, the following definitions apply in this chapter:

20 (1) "Board" means the public employees' retirement
21 board of the public employees' retirement system.

22 (2) "Division" means the division of workers'
23 compensation of the department of labor and industry.

24 (3) "Fire company" means a fire company organized in
25 an unincorporated area, town, or village under the laws of

1 the state of Montana.

2 (4) The fiscal year begins on July 1 and ends on June
3 30 of each year.

4 (5) "Fund" or "volunteer firefighters' fund" means the
5 volunteer firefighters' ~~compensation-account-in--the--agency~~
6 ~~pension-trust~~ fund."

7 Section 20. Section 19-12-407, MCA, is amended to
8 read:

9 "19-12-407. Payment of pension benefits. All payments
10 under the volunteer firefighters' pension plan must be
11 approved by the public employees' retirement system and paid
12 by warrants drawn upon the ~~agency pension-trust~~ fund,
13 payable to the order of the individual qualified volunteer
14 firefighter or the beneficiary as provided in 19-12-405(1)."

15 Section 21. Section 19-13-104, MCA, is amended to
16 read:

17 "19-13-104. Definitions. Unless the context requires
18 otherwise, the following definitions apply in this chapter:

19 (1) "Administrator" means the public employees'
20 retirement division of the department of administration.

21 (2) "Board" means the retirement board described in
22 2-15-1009.

23 (3) "Credited service" means the aggregate of a
24 member's prior service and membership service.

25 (4) "Dependent child" means a child of a deceased

1 member who is:

2 (a) unmarried and under age 18; or

3 (b) unmarried, under age 24, and attending an
4 accredited postsecondary educational institution as a
5 full-time student in anticipation of receiving a certificate
6 or degree.

7 (5) "Employer" means any city that is of the first or
8 second class or that elects to join this plan under
9 19-13-106.

10 (6) "Final average salary" means the monthly
11 compensation of a member hired on or after July 1, 1981,
12 averaged over the last 36 months of his active service or,
13 if he has not been a member that long, over the period of
14 his membership.

15 (7) "Firefighter" means a person employed as a full-
16 or part-paid firefighter by an employer.

17 (8) "Full-paid firefighter" means a person appointed
18 as a firefighter under 7-33-4106.

19 (9) "Fund" means the ~~agency-account pension trust fund~~
20 in the state treasury system designated for the use of the
21 plan.

22 (10) "Member" means a person who is employed by an
23 employer as a full- or part-paid firefighter or who is
24 entitled to a retirement allowance by virtue of his service
25 to an employer as a firefighter.

1 (11) "Member contributions" means the total of the
2 deductions from a member's compensation made during a period
3 of active membership under this chapter or made under a
4 prior plan and transferred to this plan, standing to his
5 credit, together with the interest thereon.

6 (12) "Membership service" means a period of employment
7 with an employer occurring after July 1, 1981, during which
8 the withholdings required by this chapter have been made
9 from a member's monthly compensation and credited to his
10 member contributions account. Pro rata credit shall be
11 granted for employment on a part-time basis or for
12 employment over a period of less than a complete fiscal
13 year.

14 (13) "Minimum retirement date" means the first day of
15 the month coinciding with or immediately following, if none
16 coincides, the date on which a member becomes both age 50 or
17 older and completes 10 or more years of credited service.

18 (14) "Monthly compensation" means:

19 (a) for a full-paid firefighter, the regular monthly
20 compensation, excluding overtime, holiday payments, shift
21 differential payments, compensatory time payments, and
22 payments in lieu of sick leave, paid by an employer for his
23 service as a firefighter;

24 (b) for a part-paid firefighter employed by a city of
25 the second class, 15% of the average regular monthly

1 compensation, excluding overtime, holiday payments, shift
2 differential payments, compensatory time payments, and
3 payments in lieu of sick leave, paid to all newly confirmed,
4 active firefighters employed by cities of the second class
5 on July 1 of each year.

6 (15) Any reference to "municipality", "city", or "town"
7 includes those jurisdictions which, prior to the effective
8 date of a county-municipal consolidation, were incorporated
9 municipalities, subsequent districts created for urban
10 firefighting services, or the entire county included in the
11 county-municipal consolidation.

12 (16) "Part-paid firefighter" means a person employed
13 under 7-33-4109 who receives compensation in excess of \$300
14 a year for his service as a firefighter.

15 (17) "Plan" means the municipal firefighters'
16 retirement system created by this chapter.

17 (18) "Prior plan" means the fire department relief
18 association plan of a city that elects to join the plan
19 under 19-13-108 or the fire department relief association
20 plan of a city of the first or second class.

21 (19) "Prior service" means a period of employment as a
22 firefighter for which credit was granted to a member under a
23 prior plan and has been transferred to this plan.

24 (20) "Retirement allowance" means the monthly benefit
25 payable after service or disability retirement.

1 (21) "Retirement date" means the date on which the
2 first payment of the retirement or disability benefits of a
3 member or a beneficiary is payable.

4 (22) "Totally and permanently disabled" means that the
5 board, upon certification by a licensed and practicing
6 physician, has determined that a member's disability is of
7 such a nature as to permanently impair his ability to
8 discharge his normal duties as a firefighter."

9 Section 22. Section 19-13-204, MCA, is amended to
10 read:

11 "19-13-204. Administrative expenses. (1) The expense
12 of administering this chapter, exclusive of the payment of
13 retirement allowances and other benefits, may be paid from
14 the fund.

15 (2) Before July 15 of each year, the board may compute
16 the administrative costs for the immediately preceding
17 fiscal year and transfer that amount from the fund to the
18 public employees' retirement system account--in--the--agency
19 pension trust fund."

20 Section 23. Section 19-13-501, MCA, is amended to
21 read:

22 "19-13-501. Retirement account fund. Beginning July 1,
23 1981, an account-in-the-agency a pension trust fund shall be
24 maintained on behalf of the plan. The state treasurer is the
25 custodian of the account fund subject to the exclusive

1 administrative control of the board."

2 **NEW SECTION.** Section 24. Code commissioner to make
3 changes. Whenever a reference to a treasury fund type, fund,
4 or account appears in any new material enacted by the 48th
5 legislature and approved by the governor, whether in new
6 sections or amended sections, the code commissioner, in
7 consultation with the department of administration and the
8 legislative fiscal analyst, shall change the reference in
9 that material as necessary to reflect the fund structure
10 provided for in 17-2-102. The code commissioner may make
11 other incidental changes to reflect the intent of this act
12 without changing the meaning.

13 **NEW SECTION.** Section 25. Effective date. This act is
14 effective July 1, 1983.

-End-